

# House Amendment 1517

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1 1 Amend House File 683 as follows:  
1 2 #1. Page 40, by inserting after line 35 the  
1 3 following:  
1 4  
1 5                   STREAMLINED SALES AND USE TAXES  
1 6                   SUBCHAPTER I  
1 7                   DEFINITIONS  
1 8       Sec. \_\_\_\_\_. NEW SECTION. 423.1 DEFINITIONS.  
1 9       As used in this chapter the following words, terms,  
1 10 and phrases have the meanings ascribed to them by this  
1 11 section, except where the context clearly indicates  
1 12 that a different meaning is intended:  
1 13       1. "Agent" means a person appointed by a seller to  
1 14 represent the seller before the member states.  
1 15       2. "Agreement" means the streamlined sales and use  
1 16 tax agreement authorized by subchapter IV of this  
1 17 chapter to provide a mechanism for establishing and  
1 18 maintaining a cooperative, simplified system for the  
1 19 application and administration of sales and use taxes.  
1 20       3. "Agricultural production" includes the  
1 21 production of flowering, ornamental, or vegetable  
1 22 plants in commercial greenhouses or otherwise, and  
1 23 production from aquaculture. "Agricultural products"  
1 24 includes flowering, ornamental, or vegetable plants  
1 25 and those products of aquaculture.  
1 26       4. "Business" includes any activity engaged in by  
1 27 any person or caused to be engaged in by the person  
1 28 with the object of gain, benefit, or advantage, either  
1 29 direct or indirect.  
1 30       5. "Certificate of title" means a certificate of  
1 31 title issued for a vehicle or for manufactured housing  
1 32 under chapter 321.  
1 33       6. "Certified automated system" means software  
1 34 certified under the agreement to calculate the tax  
1 35 imposed by each jurisdiction on a transaction,  
1 36 determine the amount of tax to remit to the  
1 37 appropriate state, and maintain a record of the  
1 38 transaction.  
1 39       7. "Certified service provider" means an agent  
1 40 certified under the agreement to perform all of a  
1 41 seller's sales or use tax functions, other than the  
1 42 seller's obligation to remit tax on its own purchases.  
1 43       8. "Computer" means an electronic device that  
1 44 accepts information in digital or similar form and  
1 45 manipulates the information for a result based on a  
1 46 sequence of instructions.  
1 47       9. "Computer software" means a set of coded  
1 48 instructions designed to cause a computer or automatic  
1 49 data processing equipment to perform a task.  
1 50       10. "Delivered electronically" means delivered to  
2 1 the purchaser by means other than tangible storage  
2 2 media.  
2 3       11. "Delivery charges" means charges assessed by a  
2 4 seller of personal property or services for  
2 5 preparation and delivery to a location designated by  
2 6 the purchaser of personal property or services  
2 7 including, but not limited to, transportation,  
2 8 shipping, postage, handling, crating, and packing  
2 9 charges.  
2 10       12. "Department" means the department of revenue  
2 11 and finance.  
2 12       13. "Direct mail" means printed material delivered  
2 13 or distributed by United States mail or other delivery  
2 14 service to a mass audience or to addressees on a  
2 15 mailing list provided by the purchaser or at the  
2 16 direction of the purchaser when the cost of the items  
2 17 is not billed directly to the recipients. "Direct  
2 18 mail" includes tangible personal property supplied  
2 19 directly or indirectly by the purchaser to the direct  
2 20 mail seller for inclusion in the package containing  
2 21 the printed material. "Direct mail" does not include  
2 22 multiple items of printed material delivered to a  
2 23 single address.  
2 24       14. "Director" means the director of revenue and

2 25 finance.  
2 26 15. "Electronic" means relating to technology  
2 27 having electrical, digital, magnetic, wireless,  
2 28 optical, electromagnetic, or similar capabilities.  
2 29 16. "Farm deer" means the same as defined in  
2 30 section 189A.2.  
2 31 17. "Farm machinery and equipment" means machinery  
2 32 and equipment used in agricultural production.  
2 33 18. "First use of a service". A "first use of a  
2 34 service" occurs, for the purposes of this chapter,  
2 35 when a service is rendered, furnished, or performed in  
2 36 Iowa or if rendered, furnished, or performed outside  
2 37 of Iowa, when the product or result of the service is  
2 38 used in Iowa.  
2 39 19. "Goods, wares, or merchandise" means the same  
2 40 as tangible personal property.  
2 41 20. "Governing board" means the group comprised of  
2 42 representatives of the member states of the agreement  
2 43 which is created by the agreement to be responsible  
2 44 for the agreement's administration and operation.  
2 45 21. "Installed purchase price" is the amount  
2 46 charged, valued in money whether paid in money or  
2 47 otherwise, by a building contractor to convert  
2 48 manufactured housing from tangible personal property  
2 49 into realty. "Installed purchase price" includes, but  
2 50 is not limited to, amounts charged for installing a  
3 1 foundation and electrical and plumbing hookups.  
3 2 "Installed purchase price" excludes any amount charged  
3 3 for landscaping in connection with the conversion.  
3 4 22. "Lease or rental".  
3 5 a. "Lease or rental" means any transfer of  
3 6 possession or control of tangible personal property  
3 7 for a fixed or indeterminate term for consideration.  
3 8 A "lease or rental" may include future options to  
3 9 purchase or extend.  
3 10 b. "Lease or rental" includes agreements covering  
3 11 motor vehicles and trailers when the amount of  
3 12 consideration may be increased or decreased by  
3 13 reference to the amount realized upon sale or  
3 14 disposition of the property as defined in 26 U.S.C. }  
3 15 7701(h)(1).  
3 16 c. "Lease or rental" does not include any of the  
3 17 following:  
3 18 (1) A transfer of possession or control of  
3 19 property under a security agreement or deferred  
3 20 payment plan that requires the transfer of title upon  
3 21 completion of the required payments.  
3 22 (2) A transfer of possession or control of  
3 23 property under an agreement that requires the transfer  
3 24 of title upon completion of required payments, and  
3 25 payment of any option price does not exceed the  
3 26 greater of one hundred dollars or one percent of the  
3 27 total required payments.  
3 28 (3) Providing tangible personal property along  
3 29 with an operator for a fixed or indeterminate period  
3 30 of time. A condition of this exclusion is that the  
3 31 operator is necessary for the equipment to perform as  
3 32 designed. For the purpose of this subparagraph, an  
3 33 operator must do more than maintain, inspect, or set  
3 34 up the tangible personal property.  
3 35 d. This definition shall be used for sales and use  
3 36 tax purposes regardless of whether a transaction is  
3 37 characterized as a lease or rental under generally  
3 38 accepted accounting principles, the Internal Revenue  
3 39 Code, the Uniform Commercial Code, or other provisions  
3 40 of federal, state, or local law.  
3 41 23. "Livestock" includes but is not limited to an  
3 42 animal classified as an ostrich, rhea, emu, bison, or  
3 43 farm deer.  
3 44 24. "Manufactured housing" means "manufactured  
3 45 home" as defined in section 321.1.  
3 46 25. "Member state" is any state which has signed  
3 47 the agreement.  
3 48 26. "Mobile home" means "manufactured or mobile  
3 49 home" as defined in section 321.1.  
3 50 27. "Model 1 seller" is a seller that has selected  
4 1 a certified service provider as its agent to perform  
4 2 all the seller's sales and use tax functions, other  
4 3 than the seller's obligation to remit tax on its own  
4 4 purchases.  
4 5 28. "Model 2 seller" is a seller that has selected

4 6 a certified automated system to perform part of its  
4 7 sales and use tax functions, but retains  
4 8 responsibility for remitting the tax.

4 9 29. "Model 3 seller" is a seller that has sales in  
4 10 at least five member states, has total annual sales  
4 11 revenue of at least five hundred million dollars, has  
4 12 a proprietary system that calculates the amount of tax  
4 13 due each jurisdiction, and has entered into a  
4 14 performance agreement with the member states that  
4 15 establishes a tax performance standard for the seller.  
4 16 As used in this definition, a "seller" includes an  
4 17 affiliated group of sellers using the same proprietary  
4 18 system.

4 19 30. "Nonresidential commercial operations" means  
4 20 industrial, commercial, mining, or agricultural  
4 21 operations, whether for profit or not, but does not  
4 22 include apartment complexes or mobile home parks.

4 23 31. "Not registered under the agreement" means  
4 24 lack of registration by a seller with the member  
4 25 states under the central registration system  
4 26 referenced in section 423.11, subsection 4.

4 27 32. "Person" means an individual, trust, estate,  
4 28 fiduciary, partnership, limited liability company,  
4 29 limited liability partnership, corporation, or any  
4 30 other legal entity.

4 31 33. "Place of business" means any warehouse,  
4 32 store, place, office, building, or structure where  
4 33 goods, wares, or merchandise are offered for sale at  
4 34 retail or where any taxable amusement is conducted, or  
4 35 each office where gas, water, heat, communication, or  
4 36 electric services are offered for sale at retail.

4 37 When a retailer or amusement operator sells  
4 38 merchandise by means of vending machines or operates  
4 39 music or amusement devices by coin-operated machines  
4 40 at more than one location within the state, the  
4 41 office, building, or place where the books, papers,  
4 42 and records of the taxpayer are kept shall be deemed  
4 43 to be the taxpayer's place of business.

4 44 34. "Prewritten computer software" includes  
4 45 software designed and developed by the author or other  
4 46 creator to the specifications of a specific purchaser  
4 47 when it is sold to a person other than the purchaser.  
4 48 The combining of two or more prewritten computer  
4 49 software programs or prewritten portions of prewritten  
4 50 programs does not cause the combination to be other  
5 1 than prewritten computer software. "Prewritten  
5 2 computer software" also means computer software,  
5 3 including prewritten upgrades, which is not designed  
5 4 and developed by the author or other creator to the  
5 5 specifications of a specific purchaser.

5 6 When a person modifies or enhances computer  
5 7 software of which the person is not the author or  
5 8 creator, the person shall be deemed to be the author  
5 9 or creator only of such person's modifications or  
5 10 enhancements. Prewritten computer software or a  
5 11 prewritten portion of the prewritten software that is  
5 12 modified or enhanced to any degree, when such  
5 13 modification or enhancement is designed and developed  
5 14 to the specifications of a specific purchaser, remains  
5 15 prewritten computer software. However, when there is  
5 16 a reasonable, separately stated charge or an invoice  
5 17 or other statement of the price given to the purchaser  
5 18 for such modification or enhancement, such  
5 19 modification or enhancement shall not constitute  
5 20 prewritten computer software.

5 21 35. "Property purchased for resale in connection  
5 22 with the performance of a service" means property  
5 23 which is purchased for resale in connection with the  
5 24 rendition, furnishing, or performance of a service by  
5 25 a person who renders, furnishes, or performs the  
5 26 service if all of the following occur:

5 27 a. The provider and user of the service intend  
5 28 that a sale of the property will occur.

5 29 b. The property is transferred to the user of the  
5 30 service in connection with the performance of the  
5 31 service in a form or quantity capable of a fixed or  
5 32 definite price value.

5 33 c. The sale is evidenced by a separate charge for  
5 34 the identifiable piece of property.

5 35 36. "Purchase" means any transfer, exchange, or  
5 36 barter, conditional or otherwise, in any manner or by

5 37 any means whatsoever, for a consideration.  
5 38 37. "Purchase price" means the same as "sales  
5 39 price" as defined in this section.  
5 40 38. "Purchaser" is a person to whom a sale of  
5 41 personal property is made or to whom a service is  
5 42 furnished.  
5 43 39. "Receive" and "receipt" mean any of the  
5 44 following:  
5 45 a. Taking possession of tangible personal  
5 46 property.  
5 47 b. Making first use of a service.  
5 48 c. Taking possession or making first use of  
5 49 digital goods, whichever comes first.  
5 50 "Receive" and "receipt" do not include possession  
6 1 by a shipping company on behalf of a purchaser.  
6 2 40. "Registered under the agreement" means  
6 3 registration by a seller under the central  
6 4 registration system referenced in section 423.11,  
6 5 subsection 4.  
6 6 41. "Relief agency" means the state, any county,  
6 7 city and county, city, or district thereof, or any  
6 8 agency engaged in actual relief work.  
6 9 42. "Retailer" means and includes every person  
6 10 engaged in the business of selling tangible personal  
6 11 property or taxable services at retail, or the  
6 12 furnishing of gas, electricity, water, or  
6 13 communication service, and tickets or admissions to  
6 14 places of amusement and athletic events or operating  
6 15 amusement devices or other forms of commercial  
6 16 amusement from which revenues are derived. However,  
6 17 when in the opinion of the director it is necessary  
6 18 for the efficient administration of this chapter to  
6 19 regard any salespersons, representatives, truckers,  
6 20 peddlers, or canvassers as agents of the dealers,  
6 21 distributors, supervisors, employers, or persons under  
6 22 whom they operate or from whom they obtain tangible  
6 23 personal property sold by them irrespective of whether  
6 24 or not they are making sales on their own behalf or on  
6 25 behalf of such dealers, distributors, supervisors,  
6 26 employers, or persons, the director may so regard  
6 27 them, and may regard such dealers, distributors,  
6 28 supervisors, employers, or persons as retailers for  
6 29 the purposes of this chapter. "Retailer" includes a  
6 30 seller obligated to collect sales or use tax.  
6 31 43. "Retailer maintaining a place of business in  
6 32 this state" or any like term includes any retailer  
6 33 having or maintaining within this state, directly or  
6 34 by a subsidiary, an office, distribution house, sales  
6 35 house, warehouse, or other place of business, or any  
6 36 representative operating within this state under the  
6 37 authority of the retailer or its subsidiary,  
6 38 irrespective of whether that place of business or  
6 39 representative is located here permanently or  
6 40 temporarily, or whether the retailer or subsidiary is  
6 41 admitted to do business within this state pursuant to  
6 42 chapter 490.  
6 43 44. "Retailers who are not model sellers" means  
6 44 all retailers other than model 1, model 2, or model 3  
6 45 sellers.  
6 46 45. "Retail sale" or "sale at retail" means any  
6 47 sale, lease, or rental for any purpose other than  
6 48 resale, sublease, or subrent.  
6 49 46. "Sales" or "sale" means any transfer,  
6 50 exchange, or barter, conditional or otherwise, in any  
7 1 manner or by any means whatsoever, for consideration.  
7 2 47. "Sales price" applies to the measure subject  
7 3 to sales tax.  
7 4 a. "Sales price" means the total amount of  
7 5 consideration, including cash, credit, property, and  
7 6 services, for which personal property or services are  
7 7 sold, leased, or rented, valued in money, whether  
7 8 received in money or otherwise, without any deduction  
7 9 for any of the following:  
7 10 (1) The seller's cost of the property sold.  
7 11 (2) The cost of materials used, labor or service  
7 12 cost, interest, losses, all costs of transportation to  
7 13 the seller, all taxes imposed on the seller, and any  
7 14 other expenses of the seller.  
7 15 (3) Charges by the seller for any services  
7 16 necessary to complete the sale, other than delivery  
7 17 and installation charges.

7 18 (4) Delivery charges.  
7 19 (5) Installation charges.  
7 20 (6) The value of exempt personal property given to  
7 21 the purchaser where taxable and exempt personal  
7 22 property have been bundled together and sold by the  
7 23 seller as a single product or piece of merchandise.  
7 24 (7) Credit for any trade-in authorized by section  
7 25 423.3, subsection 58.  
7 26 b. "Sales price" does not include:  
7 27 (1) Discounts, including cash, term, or coupons  
7 28 that are not reimbursed by a third party that are  
7 29 allowed by a seller and taken by a purchaser on a  
7 30 sale.  
7 31 (2) Interest, financing, and carrying charges from  
7 32 credit extended on the sale of personal property or  
7 33 services, if the amount is separately stated on the  
7 34 invoice, bill of sale, or similar document given to  
7 35 the purchaser.  
7 36 (3) Any taxes legally imposed directly on the  
7 37 consumer that are separately stated on the invoice,  
7 38 bill of sale, or similar document given to the  
7 39 purchaser.  
7 40 (4) The amounts received for charges included in  
7 41 paragraph "a", subparagraphs (3) through (7), if they  
7 42 are separately contracted for and separately stated on  
7 43 the invoice, billing, or similar document given to the  
7 44 purchaser.  
7 45 48. "Sales tax" means the tax levied under  
7 46 subchapter II of this chapter.  
7 47 49. "Seller" means any person making sales,  
7 48 leases, or rentals of personal property or services.  
7 49 50. "Services" means all acts or services  
7 50 rendered, furnished, or performed, other than services  
8 1 used in processing of tangible personal property for  
8 2 use in retail sales or services, for an employer, as  
8 3 defined in section 422.4, subsection 3, for a valuable  
8 4 consideration by any person engaged in any business or  
8 5 occupation specifically enumerated in section 423.2.  
8 6 The tax shall be due and collectible when the service  
8 7 is rendered, furnished, or performed for the ultimate  
8 8 user of the service.  
8 9 51. "Services used in the processing of tangible  
8 10 personal property" includes the reconditioning or  
8 11 repairing of tangible personal property of the type  
8 12 normally sold in the regular course of the retailer's  
8 13 business and which is held for sale.  
8 14 52. "State" means any state of the United States  
8 15 and the District of Columbia.  
8 16 53. "System" means the central electronic  
8 17 registration system maintained by Iowa and other  
8 18 states which are signatories to the agreement.  
8 19 54. "Tangible personal property" means personal  
8 20 property that can be seen, weighed, measured, felt, or  
8 21 touched, or that is in any other manner perceptible to  
8 22 the senses. "Tangible personal property" includes  
8 23 electricity, water, gas, steam, and prewritten  
8 24 computer software.  
8 25 55. "Taxpayer" includes any person who is subject  
8 26 to a tax imposed by this chapter, whether acting on  
8 27 the person's own behalf or as a fiduciary.  
8 28 56. "Trailer" shall mean every trailer, as is now  
8 29 or may be hereafter so defined by chapter 321, which  
8 30 is required to be registered or is subject only to the  
8 31 issuance of a certificate of title under chapter 321.  
8 32 57. "Use" means and includes the exercise by any  
8 33 person of any right or power over tangible personal  
8 34 property incident to the ownership of that property.  
8 35 A retailer's or building contractor's sale of  
8 36 manufactured housing for use in this state, whether in  
8 37 the form of tangible personal property or of realty,  
8 38 is a use of that property for the purposes of this  
8 39 chapter.  
8 40 58. "Use tax" means the tax levied under  
8 41 subchapter III of this chapter for which the retailer  
8 42 collects and remits tax to the department.  
8 43 59. "User" means the immediate recipient of the  
8 44 services who is entitled to exercise a right of power  
8 45 over the product of such services.  
8 46 60. "Value of services" means the price to the  
8 47 user exclusive of any direct tax imposed by the  
8 48 federal government or by this chapter.

8 49 61. "Vehicles subject to registration" means any  
8 50 vehicle subject to registration pursuant to section  
9 1 321.18.

9 2 SUBCHAPTER II  
9 3 SALES TAX

9 4 Sec. \_\_\_\_\_. NEW SECTION. 423.2 TAX IMPOSED.

9 5 1. There is imposed a tax of five percent upon the  
9 6 sales price of all sales of tangible personal  
9 7 property, consisting of goods, wares, or merchandise,  
9 8 sold at retail in the state to consumers or users  
9 9 except as otherwise provided in this subchapter.

9 10 a. For the purposes of this subchapter, sales of  
9 11 the following services are treated as if they were  
9 12 sales of tangible personal property:

9 13 (1) Sales of engraving, photography, retouching,  
9 14 printing, and binding services.

9 15 (2) Sales of vulcanizing, recapping, and  
9 16 retreading services.

9 17 (3) Sales of prepaid telephone calling cards and  
9 18 prepaid authorization numbers.

9 19 (4) Sales of optional service or warranty  
9 20 contracts, except residential service contracts  
9 21 regulated under chapter 523C, which provide for the  
9 22 furnishing of labor and materials and require the  
9 23 furnishing of any taxable service enumerated under  
9 24 this section. The sales price is subject to tax even  
9 25 if some of the services furnished are not enumerated  
9 26 under this section. Additional sales, services, or  
9 27 use taxes shall not be levied on services, parts, or  
9 28 labor provided under optional service or warranty  
9 29 contracts which are subject to tax under this  
9 30 subsection.

9 31 If the optional service or warranty contract is a  
9 32 computer software maintenance or support service  
9 33 contract and there is no separately stated fee for the  
9 34 taxable personal property or for the nontaxable  
9 35 service, the tax imposed by this subsection shall be  
9 36 imposed on fifty percent of the sales price from the  
9 37 sale of such contract. If the contract provides for  
9 38 technical support services only, no tax shall be  
9 39 imposed under this subsection. The provisions of this  
9 40 subparagraph (4) also apply to the use tax.

9 41 (5) Renting of rooms, apartments, or sleeping  
9 42 quarters in a hotel, motel, inn, public lodging house,  
9 43 rooming house, mobile home which is tangible personal  
9 44 property, or tourist court, or in any place where  
9 45 sleeping accommodations are furnished to transient  
9 46 guests for rent, whether with or without meals.  
9 47 "Renting" and "rent" include any kind of direct or  
9 48 indirect charge for such rooms, apartments, or  
9 49 sleeping quarters, or their use. However, the tax  
9 50 does not apply to the sales price from the renting of  
10 1 a room, apartment, or sleeping quarters while rented  
10 2 by the same person for a period of more than thirty=  
10 3 one consecutive days.

10 4 b. Sales of building materials, supplies, and  
10 5 equipment to owners, contractors, subcontractors, or  
10 6 builders for the erection of buildings or the  
10 7 alteration, repair, or improvement of real property  
10 8 are retail sales of tangible personal property in  
10 9 whatever quantity sold. Where the owner, contractor,  
10 10 subcontractor, or builder is also a retailer holding a  
10 11 retail sales tax permit and transacting retail sales  
10 12 of building materials, supplies, and equipment, the  
10 13 person shall purchase such items of tangible personal  
10 14 property without liability for the tax if such  
10 15 property will be subject to the tax at the time of  
10 16 resale or at the time it is withdrawn from inventory  
10 17 for construction purposes. The sales tax shall be due  
10 18 in the reporting period when the materials, supplies,  
10 19 and equipment are withdrawn from inventory for  
10 20 construction purposes or when sold at retail. The tax  
10 21 shall not be due when materials are withdrawn from  
10 22 inventory for use in construction outside of Iowa and  
10 23 the tax shall not apply to tangible personal property  
10 24 purchased and consumed by the manufacturer as building  
10 25 materials in the performance by the manufacturer or  
10 26 its subcontractor of construction outside of Iowa.  
10 27 The sale of carpeting is not a sale of building  
10 28 materials. The sale of carpeting to owners,  
10 29 contractors, subcontractors, or builders shall be

10 30 treated as the sale of ordinary tangible personal  
10 31 property and subject to the tax imposed under this  
10 32 subsection and the use tax.  
10 33 c. The use within this state of tangible personal  
10 34 property by the manufacturer thereof, as building  
10 35 materials, supplies, or equipment, in the performance  
10 36 of construction contracts in Iowa, shall, for the  
10 37 purpose of this subchapter, be construed as a sale at  
10 38 retail of tangible personal property by the  
10 39 manufacturer who shall be deemed to be the consumer of  
10 40 such tangible personal property. The tax shall be  
10 41 computed upon the cost to the manufacturer of the  
10 42 fabrication or production of the tangible personal  
10 43 property.

10 44 2. A tax of five percent is imposed upon the sales  
10 45 price of the sale or furnishing of gas, electricity,  
10 46 water, heat, pay television service, and communication  
10 47 service, including the sales price from such sales by  
10 48 any municipal corporation or joint water utility  
10 49 furnishing gas, electricity, water, heat, pay  
10 50 television service, and communication service to the  
11 1 public in its proprietary capacity, except as  
11 2 otherwise provided in this subchapter, when sold at  
11 3 retail in the state to consumers or users.

11 4 3. A tax of five percent is imposed upon the sales  
11 5 price of all sales of tickets or admissions to places  
11 6 of amusement, fairs, and athletic events except those  
11 7 of elementary and secondary educational institutions.  
11 8 A tax of five percent is imposed on the sales price of  
11 9 an entry fee or like charge imposed solely for the  
11 10 privilege of participating in an activity at a place  
11 11 of amusement, fair, or athletic event unless the sales  
11 12 price of tickets or admissions charges for observing  
11 13 the same activity are taxable under this subchapter.  
11 14 A tax of five percent is imposed upon that part of  
11 15 private club membership fees or charges paid for the  
11 16 privilege of participating in any athletic sports  
11 17 provided club members.

11 18 4. A tax of five percent is imposed upon the sales  
11 19 price derived from the operation of all forms of  
11 20 amusement devices and games of skill, games of chance,  
11 21 raffles, and bingo games as defined in chapter 99B,  
11 22 operated or conducted within the state, the tax to be  
11 23 collected from the operator in the same manner as for  
11 24 the collection of taxes upon the sales price of  
11 25 tickets or admission as provided in this section. The  
11 26 tax shall also be imposed upon the sales price derived  
11 27 from the sale of lottery tickets or shares pursuant to  
11 28 chapter 99E. The tax on the lottery tickets or shares  
11 29 shall be included in the sales price and distributed  
11 30 to the general fund of the state as provided in  
11 31 section 99E.10. Nothing in this subsection shall  
11 32 legalize any games of skill or chance or slot-operated  
11 33 devices which are now prohibited by law.

11 34 The tax imposed under this subsection covers the  
11 35 total amount from the operation of games of skill,  
11 36 games of chance, raffles, and bingo games as defined  
11 37 in chapter 99B, and musical devices, weighing  
11 38 machines, shooting galleries, billiard and pool  
11 39 tables, bowling alleys, pinball machines, slot=  
11 40 operated devices selling merchandise not subject to  
11 41 the general sales taxes and on the total amount from  
11 42 devices or systems where prizes are in any manner  
11 43 awarded to patrons and upon the receipts from fees  
11 44 charged for participation in any game or other form of  
11 45 amusement, and generally upon the sales price from any  
11 46 source of amusement operated for profit, not specified  
11 47 in this section, and upon the sales price from which  
11 48 tax is not collected for tickets or admission, but tax  
11 49 shall not be imposed upon any activity exempt from  
11 50 sales tax under section 423.3, subsection 78. Every  
12 1 person receiving any sales price from the sources  
12 2 described in this section is subject to all provisions  
12 3 of this subchapter relating to retail sales tax and  
12 4 other provisions of this chapter as applicable.

12 5 5. There is imposed a tax of five percent upon the  
12 6 sales price from the furnishing of services as defined  
12 7 in section 423.1.

12 8 6. The sales price of any of the following  
12 9 enumerated services is subject to the tax imposed by  
12 10 subsection 5: alteration and garment repair; armored

12 11 car; vehicle repair; battery, tire, and allied;  
12 12 investment counseling; service charges of all  
12 13 financial institutions; barber and beauty; boat  
12 14 repair; vehicle wash and wax; campgrounds; carpentry;  
12 15 roof, shingle, and glass repair; dance schools and  
12 16 dance studios; dating services; dry cleaning,  
12 17 pressing, dyeing, and laundering; electrical and  
12 18 electronic repair and installation; excavating and  
12 19 grading; farm implement repair of all kinds; flying  
12 20 service; furniture, rug, carpet, and upholstery repair  
12 21 and cleaning; fur storage and repair; golf and country  
12 22 clubs and all commercial recreation; gun and camera  
12 23 repair; house and building moving; household  
12 24 appliance, television, and radio repair; janitorial  
12 25 and building maintenance or cleaning; jewelry and  
12 26 watch repair; lawn care, landscaping, and tree  
12 27 trimming and removal; limousine service, including  
12 28 driver; machine operator; machine repair of all kinds;  
12 29 motor repair; motorcycle, scooter, and bicycle repair;  
12 30 oilers and lubricators; office and business machine  
12 31 repair; painting, papering, and interior decorating;  
12 32 parking facilities; pay television; pet grooming; pipe  
12 33 fitting and plumbing; wood preparation; executive  
12 34 search agencies; private employment agencies,  
12 35 excluding services for placing a person in employment  
12 36 where the principal place of employment of that person  
12 37 is to be located outside of the state; reflexology;  
12 38 security and detective services; sewage services for  
12 39 nonresidential commercial operations; sewing and  
12 40 stitching; shoe repair and shoeshine; sign  
12 41 construction and installation; storage of household  
12 42 goods, mini-storage, and warehousing of raw  
12 43 agricultural products; swimming pool cleaning and  
12 44 maintenance; tanning beds or salons; taxidermy  
12 45 services; telephone answering service; test  
12 46 laboratories, including mobile testing laboratories  
12 47 and field testing by testing laboratories, and  
12 48 excluding tests on humans or animals; termite, bug,  
12 49 roach, and pest eradicators; tin and sheet metal  
12 50 repair; Turkish baths, massage, and reducing salons,  
13 1 excluding services provided by massage therapists  
13 2 licensed under chapter 152C; water conditioning and  
13 3 softening; weighing; welding; well drilling; wrapping,  
13 4 packing, and packaging of merchandise other than  
13 5 processed meat, fish, fowl, and vegetables; wrecking  
13 6 service; wrecker and towing.

13 7 For the purposes of this subsection, the sales  
13 8 price of a lease or rental includes rents, royalties,  
13 9 and copyright and license fees. For the purposes of  
13 10 this subsection, "financial institutions" means all  
13 11 national banks, federally chartered savings and loan  
13 12 associations, federally chartered savings banks,  
13 13 federally chartered credit unions, banks organized  
13 14 under chapter 524, savings and loan associations and  
13 15 savings banks organized under chapter 534, and credit  
13 16 unions organized under chapter 533.

13 17 7. a. A tax of five percent is imposed upon the  
13 18 sales price from the sales, furnishing, or service of  
13 19 solid waste collection and disposal service.

13 20 For purposes of this subsection, "solid waste"  
13 21 means garbage, refuse, sludge from a water supply  
13 22 treatment plant or air contaminant treatment facility,  
13 23 and other discarded waste materials and sludges, in  
13 24 solid, semisolid, liquid, or contained gaseous form,  
13 25 resulting from nonresidential commercial operations,  
13 26 but does not include auto hulks; street sweepings;  
13 27 ash; construction debris; mining waste; trees; tires;  
13 28 lead acid batteries; used oil; hazardous waste; animal  
13 29 waste used as fertilizer; earthen fill, boulders, or  
13 30 rock; foundry sand used for daily cover at a sanitary  
13 31 landfill; sewage sludge; solid or dissolved material  
13 32 in domestic sewage or other common pollutants in water  
13 33 resources, such as silt, dissolved or suspended solids  
13 34 in industrial waste water effluents or discharges  
13 35 which are point sources subject to permits under  
13 36 section 402 of the federal Water Pollution Control  
13 37 Act, or dissolved materials in irrigation return  
13 38 flows; or source, special nuclear, or by-product  
13 39 material defined by the federal Atomic Energy Act of  
13 40 1954.

13 41 A recycling facility that separates or processes



13 42 recyclable materials and that reduces the volume of  
13 43 the waste by at least eighty-five percent is exempt  
13 44 from the tax imposed by this subsection if the waste  
13 45 exempted is collected and disposed of separately from  
13 46 other solid waste.

13 47 b. A person who transports solid waste generated  
13 48 by that person or another person without compensation  
13 49 shall pay the tax imposed by this subsection at the  
13 50 collection or disposal facility based on the disposal  
14 1 charge or tipping fee. However, the costs of a  
14 2 service or portion of a service to collect and manage  
14 3 recyclable materials separated from solid waste by the  
14 4 waste generator are exempt from the tax imposed by  
14 5 this subsection.

14 6 8. a. A tax of five percent is imposed upon the  
14 7 sales price from sales of bundled services contracts.  
14 8 For purposes of this subsection, a "bundled services  
14 9 contract" means an agreement providing for a  
14 10 retailer's performance of services, one or more of  
14 11 which is a taxable service enumerated in this section  
14 12 and one or more of which is not, in return for a  
14 13 consumer's or user's single payment for the  
14 14 performance of the services, with no separate  
14 15 statement to the consumer or user of what portion of  
14 16 that payment is attributable to any one service which  
14 17 is a part of the contract.

14 18 b. For purposes of the administration of the tax  
14 19 on bundled services contracts, the director may enter  
14 20 into agreements of limited duration with individual  
14 21 retailers, groups of retailers, or organizations  
14 22 representing retailers of bundled services contracts.  
14 23 Such an agreement shall impose the tax rate only upon  
14 24 that portion of the sales price from a bundled  
14 25 services contract which is attributable to taxable  
14 26 services provided under the contract.

14 27 9. A tax of five percent is imposed upon the sales  
14 28 price from any mobile telecommunications service which  
14 29 this state is allowed to tax by the provisions of the  
14 30 federal Mobile Telecommunications Sourcing Act, Pub.  
14 31 L. No. 106=252, 4 U.S.C. } 116 et seq. For purposes  
14 32 of this subsection, taxes on mobile telecommunications  
14 33 service, as defined under the federal Mobile  
14 34 Telecommunications Sourcing Act that are deemed to be  
14 35 provided by the customer's home service provider,  
14 36 shall be paid to the taxing jurisdiction whose  
14 37 territorial limits encompass the customer's place of  
14 38 primary use, regardless of where the mobile  
14 39 telecommunications service originates, terminates, or  
14 40 passes through and shall in all other respects be  
14 41 taxed in conformity with the federal Mobile  
14 42 Telecommunications Sourcing Act. All other provisions  
14 43 of the federal Mobile Telecommunications Sourcing Act  
14 44 are adopted by the state of Iowa and incorporated into  
14 45 this subsection by reference. With respect to mobile  
14 46 telecommunications service under the federal Mobile  
14 47 Telecommunications Sourcing Act, the director shall,  
14 48 if requested, enter into agreements consistent with  
14 49 the provisions of the federal Act.

14 50 10. All revenues arising under the operation of  
15 1 the provisions of this section shall be deposited into  
15 2 the general fund of the state.

15 3 Sec. \_\_\_\_\_. NEW SECTION. 423.3 EXEMPTIONS.  
15 4 There is exempted from the provisions of this  
15 5 subchapter and from the computation of the amount of  
15 6 tax imposed by it the following:

15 7 1. The sales price from sales of tangible personal  
15 8 property and services furnished which this state is  
15 9 prohibited from taxing under the Constitution or laws  
15 10 of the United States or under the Constitution of this  
15 11 state.

15 12 2. The sales price of sales for resale of tangible  
15 13 personal property or taxable services, or for resale  
15 14 of tangible personal property in connection with the  
15 15 furnishing of taxable services.

15 16 3. The sales price of agricultural breeding  
15 17 livestock and domesticated fowl.

15 18 4. The sales price of commercial fertilizer.

15 19 5. The sales price of agricultural limestone,  
15 20 herbicide, pesticide, insecticide, including  
15 21 adjuvants, surfactants, and other products directly  
15 22 related to the application enhancement of those

15 23 products, food, medication, or agricultural drain  
15 24 tile, including installation of agricultural drain  
15 25 tile, any of which are to be used in disease control,  
15 26 weed control, insect control, or health promotion of  
15 27 plants or livestock produced as part of agricultural  
15 28 production for market.

15 29 6. The sales price of tangible personal property  
15 30 which will be consumed as fuel in creating heat,  
15 31 power, or steam for grain drying, or for providing  
15 32 heat or cooling for livestock buildings or for  
15 33 greenhouses or buildings or parts of buildings  
15 34 dedicated to the production of flowering, ornamental,  
15 35 or vegetable plants intended for sale in the ordinary  
15 36 course of business, or for use in cultivation of  
15 37 agricultural products by aquaculture, or in implements  
15 38 of husbandry engaged in agricultural production.

15 39 7. The sales price of services furnished by  
15 40 specialized flying implements of husbandry used for  
15 41 agricultural aerial spraying.

15 42 8. The sales price exclusive of services of farm  
15 43 machinery and equipment, including auxiliary  
15 44 attachments which improve the performance, safety,  
15 45 operation, or efficiency of the machinery and  
15 46 equipment and replacement parts, if the following  
15 47 conditions are met:

15 48 a. The farm machinery and equipment shall be  
15 49 directly and primarily used in production of  
15 50 agricultural products.

16 1 b. The farm machinery and equipment shall  
16 2 constitute self-propelled implements or implements  
16 3 customarily drawn or attached to self-propelled  
16 4 implements or the farm machinery or equipment is a  
16 5 grain dryer.

16 6 c. The replacement part is essential to any repair  
16 7 or reconstruction necessary to the farm machinery's or  
16 8 equipment's exempt use in the production of  
16 9 agricultural products.

16 10 Vehicles subject to registration, as defined in  
16 11 section 423.1, or replacement parts for such vehicles,  
16 12 are not eligible for this exemption.

16 13 9. The sales price of wood chips, sawdust, hay,  
16 14 straw, paper, or other materials used for bedding in  
16 15 the production of agricultural livestock or fowl.

16 16 10. The sales price of gas, electricity, water, or  
16 17 heat to be used in implements of husbandry engaged in  
16 18 agricultural production.

16 19 11. The sales price exclusive of services of farm  
16 20 machinery and equipment, including auxiliary  
16 21 attachments which improve the performance, safety,  
16 22 operation, or efficiency of the machinery and  
16 23 equipment and replacement parts, if all of the  
16 24 following conditions are met:

16 25 a. The implement, machinery, or equipment is  
16 26 directly and primarily used in livestock or dairy  
16 27 production, aquaculture production, or the production  
16 28 of flowering, ornamental, or vegetable plants.

16 29 b. The implement is not a self-propelled implement  
16 30 or implement customarily drawn or attached to self=  
16 31 propelled implements.

16 32 c. The replacement part is essential to any repair  
16 33 or reconstruction necessary to the farm machinery's or  
16 34 equipment's exempt use in livestock or dairy  
16 35 production, aquaculture production, or the production  
16 36 of flowering, ornamental, or vegetable plants.

16 37 12. The sales price, exclusive of services, from  
16 38 sales of irrigation equipment used in farming  
16 39 operations.

16 40 13. The sales price from the sale or rental of  
16 41 irrigation equipment, whether installed above or below  
16 42 ground, to a contractor or farmer if the equipment  
16 43 will be primarily used in agricultural operations.

16 44 14. The sales price from the sales of horses,  
16 45 commonly known as draft horses, when purchased for use  
16 46 and so used as draft horses.

16 47 15. The sales price from the sale of property  
16 48 which is a container, label, carton, pallet, packing  
16 49 case, wrapping, baling wire, twine, bag, bottle,  
16 50 shipping case, or other similar article or receptacle  
17 1 sold for use in agricultural, livestock, or dairy  
17 2 production.

17 3 16. The sales price from the sale of feed and feed

17 4 supplements and additives when used for consumption by  
17 5 farm deer or bison.

17 6 17. The sales price of all goods, wares, or  
17 7 merchandise, or services, used for educational  
17 8 purposes sold to any private nonprofit educational  
17 9 institution in this state. For the purpose of this  
17 10 subsection, "educational institution" means an  
17 11 institution which primarily functions as a school,  
17 12 college, or university with students, faculty, and an  
17 13 established curriculum. The faculty of an educational  
17 14 institution must be associated with the institution  
17 15 and the curriculum must include basic courses which  
17 16 are offered every year. "Educational institution"  
17 17 includes an institution primarily functioning as a  
17 18 library.

17 19 18. The sales price of tangible personal property  
17 20 sold, or of services furnished, to the following  
17 21 nonprofit corporations:

17 22 a. Residential care facilities and intermediate  
17 23 care facilities for persons with mental retardation  
17 24 and residential care facilities for persons with  
17 25 mental illness licensed by the department of  
17 26 inspections and appeals under chapter 135C.

17 27 b. Residential facilities licensed by the  
17 28 department of human services pursuant to chapter 237,  
17 29 other than those maintained by individuals as defined  
17 30 in section 237.1, subsection 7.

17 31 c. Rehabilitation facilities that provide  
17 32 accredited rehabilitation services to persons with  
17 33 disabilities which are accredited by the commission on  
17 34 accreditation of rehabilitation facilities or the  
17 35 accreditation council for services for persons with  
17 36 mental retardation and other persons with  
17 37 developmental disabilities and adult day care services  
17 38 approved for reimbursement by the state department of  
17 39 human services.

17 40 d. Community mental health centers accredited by  
17 41 the department of human services pursuant to chapter  
17 42 225C.

17 43 e. Community health centers as defined in 42  
17 44 U.S.C. } 254(c) and migrant health centers as defined  
17 45 in 42 U.S.C. } 254(b).

17 46 19. The sales price of tangible personal property  
17 47 sold to a nonprofit organization which was organized  
17 48 for the purpose of lending the tangible personal  
17 49 property to the general public for use by them for  
17 50 nonprofit purposes.

18 1 20. The sales price of tangible personal property  
18 2 sold, or of services furnished, to nonprofit legal aid  
18 3 organizations.

18 4 21. The sales price of goods, wares, or  
18 5 merchandise, or of services, used for educational,  
18 6 scientific, historic preservation, or aesthetic  
18 7 purpose sold to a nonprofit private museum.

18 8 22. The sales price from sales of goods, wares, or  
18 9 merchandise, or from services furnished, to a  
18 10 nonprofit private art center to be used in the  
18 11 operation of the art center.

18 12 23. The sales price of tangible personal property  
18 13 sold, or of services furnished, by a fair society  
18 14 organized under chapter 174.

18 15 24. The sales price from services furnished by the  
18 16 notification center established pursuant to section  
18 17 480.3, and the vendor selected pursuant to section  
18 18 480.3 to provide the notification service.

18 19 25. The sales price of food and beverages sold for  
18 20 human consumption by a nonprofit organization which  
18 21 principally promotes a food or beverage product for  
18 22 human consumption produced, grown, or raised in this  
18 23 state and whose income is exempt from federal taxation  
18 24 under section 501(c) of the Internal Revenue Code.

18 25 26. The sales price of tangible personal property  
18 26 sold, or of services furnished, to a statewide  
18 27 nonprofit organ procurement organization, as defined  
18 28 in section 142C.2.

18 29 27. The sales price of tangible personal property  
18 30 sold, or of services furnished, to a nonprofit  
18 31 hospital licensed pursuant to chapter 135B to be used  
18 32 in the operation of the hospital.

18 33 28. The sales price of tangible personal property  
18 34 sold, or of services furnished, to a freestanding

18 35 nonprofit hospice facility which operates a hospice  
18 36 program as defined in 42 C.F.R., ch. IV, } 418.3,  
18 37 which property or services are to be used in the  
18 38 hospice program.

18 39 29. The sales price of all goods, wares, or  
18 40 merchandise sold, or of services furnished, which are  
18 41 used in the fulfillment of a written construction  
18 42 contract with a nonprofit hospital licensed pursuant  
18 43 to chapter 135B if all of the following apply:

18 44 a. The sales and delivery of the goods, wares, or  
18 45 merchandise, or the services furnished occurred  
18 46 between July 1, 1998, and December 31, 2001.

18 47 b. The written construction contract was entered  
18 48 into prior to December 31, 1999, or bonds to fund the  
18 49 construction were issued prior to December 31, 1999.

18 50 c. The sales or services were purchased by a  
19 1 contractor as the agent for the hospital or were  
19 2 purchased directly by the hospital.

19 3 30. The sales price of livestock ear tags sold by  
19 4 a nonprofit organization whose income is exempt from  
19 5 federal taxation under section 501(c)(6) of the  
19 6 Internal Revenue Code where the proceeds are used in  
19 7 bovine research programs selected or approved by such  
19 8 organization.

19 9 31. The sales price of goods, wares, or  
19 10 merchandise sold to and of services furnished, and  
19 11 used for public purposes sold to a tax-certifying or  
19 12 tax-levying body of the state or a governmental  
19 13 subdivision of the state, including regional transit  
19 14 systems, as defined in section 324A.1, the state board  
19 15 of regents, department of human services, state  
19 16 department of transportation, any municipally owned  
19 17 solid waste facility which sells all or part of its  
19 18 processed waste as fuel to a municipally owned public  
19 19 utility, and all divisions, boards, commissions,  
19 20 agencies, or instrumentalities of state, federal,  
19 21 county, or municipal government which have no earnings  
19 22 going to the benefit of an equity investor or  
19 23 stockholder, except any of the following:

19 24 a. The sales price of goods, wares, or merchandise  
19 25 sold to, or of services furnished, and used by or in  
19 26 connection with the operation of any municipally owned  
19 27 public utility engaged in selling gas, electricity,  
19 28 heat, or pay television service to the general public.

19 29 b. The sales price of furnishing of sewage  
19 30 services to a county or municipality on behalf of  
19 31 nonresidential commercial operations.

19 32 c. The furnishing of solid waste collection and  
19 33 disposal service to a county or municipality on behalf  
19 34 of nonresidential commercial operations located within  
19 35 the county or municipality.

19 36 The exemption provided by this subsection shall  
19 37 also apply to all such sales of goods, wares, or  
19 38 merchandise or of services furnished and subject to  
19 39 use tax.

19 40 32. The sales price of tangible personal property  
19 41 sold, or of services furnished, by a county or city.  
19 42 This exemption does not apply to any of the following:

19 43 a. The tax specifically imposed under section  
19 44 423.2 on the sales price from sales or furnishing of  
19 45 gas, electricity, water, heat, pay television service,  
19 46 or communication service to the public by a municipal  
19 47 corporation in its proprietary capacity.

19 48 b. The sale or furnishing of solid waste  
19 49 collection and disposal service to nonresidential  
19 50 commercial operations.

20 1 c. The sale or furnishing of sewage service for  
20 2 nonresidential commercial operations.

20 3 d. Fees paid to cities and counties for the  
20 4 privilege of participating in any athletic sports.

20 5 33. The sales price of mementos and other items  
20 6 relating to Iowa history and historic sites, the  
20 7 general assembly, and the state capitol, sold by the  
20 8 legislative service bureau and its legislative  
20 9 information office on the premises of property under  
20 10 the control of the legislative council, at the state  
20 11 capitol, and on other state property.

20 12 34. The sales price from sales of mementos and  
20 13 other items relating to Iowa history and historic  
20 14 sites by the department of cultural affairs on the  
20 15 premises of property under its control and at the

20 16 state capitol.

20 17 35. The sales price from sales or services  
20 18 furnished by the state fair organized under chapter  
20 19 173.

20 20 36. The sales price from sales of tangible  
20 21 personal property or of the sale or furnishing of  
20 22 electrical energy, natural or artificial gas, or  
20 23 communication service to another state or political  
20 24 subdivision of another state if the other state  
20 25 provides a similar reciprocal exemption for this state  
20 26 and political subdivision of this state.

20 27 37. The sales price of services on or connected  
20 28 with new construction, reconstruction, alteration,  
20 29 expansion, remodeling, or the services of a general  
20 30 building contractor, architect, or engineer.

20 31 38. The sales price from the sale of building  
20 32 materials, supplies, or equipment sold to rural water  
20 33 districts organized under chapter 504A as provided in  
20 34 chapter 357A and used for the construction of  
20 35 facilities of a rural water district.

20 36 39. The sales price from "casual sales".  
20 37 "Casual sales" means:

20 38 a. Sales of tangible personal property, or the  
20 39 furnishing of services, of a nonrecurring nature, by  
20 40 the owner, if the seller, at the time of the sale, is  
20 41 not engaged for profit in the business of selling  
20 42 tangible personal property or services taxed under  
20 43 section 423.2.

20 44 b. The sale of all or substantially all of the  
20 45 tangible personal property or services held or used by  
20 46 a seller in the course of the seller's trade or  
20 47 business for which the seller is required to hold a  
20 48 sales tax permit when the seller sells or otherwise  
20 49 transfers the trade or business to another person who  
20 50 shall engage in a similar trade or business.

21 1 40. The sales price from the sale of automotive  
21 2 fluids to a retailer to be used either in providing a  
21 3 service which includes the installation or application  
21 4 of the fluids in or on a motor vehicle, which service  
21 5 is subject to section 423.2, subsection 6, or to be  
21 6 installed in or applied to a motor vehicle which the  
21 7 retailer intends to sell, which sale is subject to  
21 8 section 423.26. For purposes of this subsection,  
21 9 automotive fluids are all those which are refined,  
21 10 manufactured, or otherwise processed and packaged for  
21 11 sale prior to their installation in or application to  
21 12 a motor vehicle. They include but are not limited to  
21 13 motor oil and other lubricants, hydraulic fluids,  
21 14 brake fluid, transmission fluid, sealants,  
21 15 undercoatings, antifreeze, and gasoline additives.

21 16 41. The sales price from the rental of motion  
21 17 picture films, video and audio tapes, video and audio  
21 18 discs, records, photos, copy, scripts, or other media  
21 19 used for the purpose of transmitting that which can be  
21 20 seen, heard, or read, if either of the following  
21 21 conditions are met:

21 22 a. The lessee imposes a charge for the viewing of  
21 23 such media and the charge for the viewing is subject  
21 24 to taxation under this subchapter or is subject to use  
21 25 tax.

21 26 b. The lessee broadcasts the contents of such  
21 27 media for public viewing or listening.

21 28 42. The sales price from the sale of tangible  
21 29 personal property consisting of advertising material  
21 30 including paper to a person in Iowa if that person or  
21 31 that person's agent will, subsequent to the sale, send  
21 32 that advertising material outside this state and the  
21 33 material is subsequently used solely outside of Iowa.  
21 34 For the purpose of this subsection, "advertising  
21 35 material" means any brochure, catalog, leaflet, flyer,  
21 36 order form, return envelope, or similar item used to  
21 37 promote sales of property or services.

21 38 43. The sales price from the sale of property or  
21 39 of services performed on property which the retailer  
21 40 transfers to a carrier for shipment to a point outside  
21 41 of Iowa, places in the United States mail or parcel  
21 42 post directed to a point outside of Iowa, or  
21 43 transports to a point outside of Iowa by means of the  
21 44 retailer's own vehicles, and which is not thereafter  
21 45 returned to a point within Iowa, except solely in the  
21 46 course of interstate commerce or transportation. This

21 47 exemption shall not apply if the purchaser, consumer,  
21 48 or their agent, other than a carrier, takes physical  
21 49 possession of the property in Iowa.

21 50 44. The sales price from the sale of property  
22 1 which is a container, label, carton, pallet, packing  
22 2 case, wrapping paper, twine, bag, bottle, shipping  
22 3 case, or other similar article or receptacle sold to  
22 4 retailers or manufacturers for the purpose of  
22 5 packaging or facilitating the transportation of  
22 6 tangible personal property sold at retail or  
22 7 transferred in association with the maintenance or  
22 8 repair of fabric or clothing.

22 9 45. The sales price from sales or rentals to a  
22 10 printer or publisher of the following: acetate; anti=  
22 11 halation backing; antistatic spray; back lining; base  
22 12 material used as a carrier for light sensitive  
22 13 emulsions; blankets; blow-ups; bronze powder; carbon  
22 14 tissue; codas; color filters; color separations;  
22 15 contacts; continuous tone separations; creative art;  
22 16 custom dies and die cutting materials; dampener  
22 17 sleeves; dampening solution; design and styling; diazo  
22 18 coating; dot etching; dot etching solutions; drawings;  
22 19 drawsheets; driers; duplicate films or prints;  
22 20 electronically digitized images; electrotypes; end  
22 21 product of image modulation; engravings; etch  
22 22 solutions; film; finished art or final art; fix;  
22 23 fixative spray; flats; flying pasters; foils;  
22 24 goldenrod paper; gum; halftones; illustrations; ink;  
22 25 ink paste; keylines; lacquer; lasering images;  
22 26 layouts; lettering; line negatives and positives;  
22 27 linotypes; lithographic offset plates; magnesium and  
22 28 zinc etchings; masking paper; masks; masters; mats;  
22 29 mat service; metal toner; models and modeling; mylar;  
22 30 negatives; nonoffset spray; opaque film process paper;  
22 31 opaquing; padding compound; paper stock; photographic  
22 32 materials: acids, plastic film, desensitizer  
22 33 emulsion, exposure chemicals, fix, developers, and  
22 34 paper; photography, day rate; photopolymer coating;  
22 35 photographs; photostats; photo=display tape;  
22 36 phototypesetter materials; ph=indicator sticks;  
22 37 positives; press pack; printing cylinders; printing  
22 38 plates, all types; process lettering; proof paper;  
22 39 proofs and proof processes, all types; pumice powder;  
22 40 purchased author alterations; purchased composition;  
22 41 purchased phototypesetting; purchased stripping and  
22 42 pasteups; red litho tape; reducers; roller covering;  
22 43 screen tints; sketches; stepped plates; stereotypes;  
22 44 strip types; substrate; tints; tissue overlays;  
22 45 toners; transparencies; tympan; typesetting;  
22 46 typography; varnishes; veloxes; wood mounts; and any  
22 47 other items used in a like capacity to any of the  
22 48 above enumerated items by the printer or publisher to  
22 49 complete a finished product for sale at retail.  
22 50 Expendable tools and supplies which are not enumerated  
23 1 in this subsection are excluded from the exemption.

23 2 "Printer" means that portion of a person's business  
23 3 engaged in printing that completes a finished product  
23 4 for ultimate sale at retail or means that portion of a  
23 5 person's business used to complete a finished printed  
23 6 packaging material used to package a product for  
23 7 ultimate sale at retail. "Printer" does not mean an  
23 8 in-house printer who prints or copyrights its own  
23 9 materials.

23 10 46. a. The sales price from the sale or rental of  
23 11 computers, machinery, and equipment, including  
23 12 replacement parts, and materials used to construct or  
23 13 self=construct computers, machinery, and equipment if  
23 14 such items are any of the following:

23 15 (1) Directly and primarily used in processing by a  
23 16 manufacturer.

23 17 (2) Directly and primarily used to maintain the  
23 18 integrity of the product or to maintain unique  
23 19 environmental conditions required for either the  
23 20 product or the computers, machinery, and equipment  
23 21 used in processing by a manufacturer, including test  
23 22 equipment used to control quality and specifications  
23 23 of the product.

23 24 (3) Directly and primarily used in research and  
23 25 development of new products or processes of  
23 26 processing.

23 27 (4) Computers used in processing or storage of

23 28 data or information by an insurance company, financial  
23 29 institution, or commercial enterprise.  
23 30 (5) Directly and primarily used in recycling or  
23 31 reprocessing of waste products.  
23 32 (6) Pollution-control equipment used by a  
23 33 manufacturer, including but not limited to that  
23 34 required or certified by an agency of this state or of  
23 35 the United States government.  
23 36 b. The sales price from the sale of fuel used in  
23 37 creating heat, power, steam, or for generating  
23 38 electrical current, or from the sale of electricity,  
23 39 consumed by computers, machinery, or equipment used in  
23 40 an exempt manner described in paragraph "a",  
23 41 subparagraph (1), (2), (3), (5), or (6).  
23 42 c. The sales price from the sale or rental of the  
23 43 following shall not be exempt from the tax imposed by  
23 44 this subchapter:  
23 45 (1) Hand tools.  
23 46 (2) Point-of-sale equipment and computers.  
23 47 (3) Industrial machinery, equipment, and  
23 48 computers, including pollution-control equipment  
23 49 within the scope of section 427A.1, subsection 1,  
23 50 paragraphs "h" and "i".  
24 1 (4) Vehicles subject to registration, except  
24 2 vehicles subject to registration which are directly  
24 3 and primarily used in recycling or reprocessing of  
24 4 waste products.  
24 5 d. As used in this subsection:  
24 6 (1) "Commercial enterprise" includes businesses  
24 7 and manufacturers conducted for profit and centers for  
24 8 data processing services to insurance companies,  
24 9 financial institutions, businesses, and manufacturers,  
24 10 but excludes professions and occupations and nonprofit  
24 11 organizations.  
24 12 (2) "Financial institution" means as defined in  
24 13 section 527.2.  
24 14 (3) "Insurance company" means an insurer organized  
24 15 or operating under chapter 508, 514, 515, 518, 518A,  
24 16 519, or 520, or authorized to do business in Iowa as  
24 17 an insurer or an insurance producer under chapter  
24 18 522B.  
24 19 (4) "Manufacturer" means as defined in section  
24 20 428.20, but also includes contract manufacturers. A  
24 21 contract manufacturer is a manufacturer that otherwise  
24 22 falls within the definition of manufacturer under  
24 23 section 428.20, except that a contract manufacturer  
24 24 does not sell the tangible personal property the  
24 25 contract manufacturer processes on behalf of other  
24 26 manufacturers. A business engaged in activities  
24 27 subsequent to the extractive process of quarrying or  
24 28 mining, such as crushing, washing, sizing, or blending  
24 29 of aggregate materials, is a manufacturer with respect  
24 30 to these activities.  
24 31 (5) "Processing" means a series of operations in  
24 32 which materials are manufactured, refined, purified,  
24 33 created, combined, or transformed by a manufacturer,  
24 34 ultimately into tangible personal property.  
24 35 Processing encompasses all activities commencing with  
24 36 the receipt or producing of raw materials by the  
24 37 manufacturer and ending at the point products are  
24 38 delivered for shipment or transferred from the  
24 39 manufacturer. Processing includes but is not limited  
24 40 to refinement or purification of materials; treatment  
24 41 of materials to change their form, context, or  
24 42 condition; maintenance of the quality or integrity of  
24 43 materials, components, or products; maintenance of  
24 44 environmental conditions necessary for materials,  
24 45 components, or products; quality control activities;  
24 46 and construction of packaging and shipping devices,  
24 47 placement into shipping containers or any type of  
24 48 shipping devices or medium, and the movement of  
24 49 materials, components, or products until shipment from  
24 50 the processor.  
25 1 (6) "Receipt or producing of raw materials" means  
25 2 activities performed upon tangible personal property  
25 3 only. With respect to raw materials produced from or  
25 4 upon real estate, the receipt or producing of raw  
25 5 materials is deemed to occur immediately following the  
25 6 severance of the raw materials from the real estate.  
25 7 47. The sales price from the furnishing of the  
25 8 design and installation of new industrial machinery or

25 9 equipment, including electrical and electronic  
25 10 installation.

25 11 48. The sales price from the sale of carbon  
25 12 dioxide in a liquid, solid, or gaseous form,  
25 13 electricity, steam, and other taxable services when  
25 14 used by a manufacturer of food products to produce  
25 15 marketable food products for human consumption,  
25 16 including but not limited to treatment of material to  
25 17 change its form, context, or condition, in order to  
25 18 produce the food product, maintenance of quality or  
25 19 integrity of the food product, changing or maintenance  
25 20 of temperature levels necessary to avoid spoilage or  
25 21 to hold the food product in marketable condition,  
25 22 maintenance of environmental conditions necessary for  
25 23 the safe or efficient use of machinery and material  
25 24 used to produce the food product, sanitation and  
25 25 quality control activities, formation of packaging,  
25 26 placement into shipping containers, and movement of  
25 27 the material or food product until shipment from the  
25 28 building of manufacture.

25 29 49. The sales price of sales of electricity,  
25 30 steam, or any taxable service when purchased and used  
25 31 in the processing of tangible personal property  
25 32 intended to be sold ultimately at retail.

25 33 50. The sales price of tangible personal property  
25 34 sold for processing. Tangible personal property is  
25 35 sold for processing within the meaning of this  
25 36 subsection only when it is intended that the property  
25 37 will, by means of fabrication, compounding,  
25 38 manufacturing, or germination, become an integral part  
25 39 of other tangible personal property intended to be  
25 40 sold ultimately at retail; or for generating electric  
25 41 current; or the property is a chemical, solvent,  
25 42 sorbent, or reagent, which is directly used and is  
25 43 consumed, dissipated, or depleted, in processing  
25 44 tangible personal property which is intended to be  
25 45 sold ultimately at retail or consumed in the  
25 46 maintenance or repair of fabric or clothing, and which  
25 47 may not become a component or integral part of the  
25 48 finished product. The distribution to the public of  
25 49 free newspapers or shoppers guides is a retail sale  
25 50 for purposes of the processing exemption set out in  
26 1 this subsection and in subsection 49.

26 2 51. The sales price from the sale of argon and  
26 3 other similar gases to be used in the manufacturing  
26 4 process.

26 5 52. The sales price from the sale of electricity  
26 6 to water companies assessed for property tax pursuant  
26 7 to sections 428.24, 428.26, and 428.28 which is used  
26 8 solely for the purpose of pumping water from a river  
26 9 or well.

26 10 53. The sales price from the sale of wind energy  
26 11 conversion property to be used as an electric power  
26 12 source and the sale of the materials used to  
26 13 manufacture, install, or construct wind energy  
26 14 conversion property used or to be used as an electric  
26 15 power source.

26 16 For purposes of this subsection, "wind energy  
26 17 conversion property" means any device, including, but  
26 18 not limited to, a wind charger, windmill, wind  
26 19 turbine, tower and electrical equipment, pad mount  
26 20 transformers, power lines, and substation, which  
26 21 converts wind energy to a form of usable energy.

26 22 54. The sales price from the sales of newspapers,  
26 23 free newspapers, or shoppers guides and the printing  
26 24 and publishing of such newspapers and shoppers guides,  
26 25 and envelopes for advertising.

26 26 55. The sales price from the sale of motor fuel  
26 27 and special fuel consumed for highway use or in  
26 28 watercraft or aircraft where the fuel tax has been  
26 29 imposed and paid and no refund has been or will be  
26 30 allowed and the sales price from the sales of ethanol  
26 31 blended gasoline, as defined in section 452A.2.

26 32 56. The sales price from all sales of food and  
26 33 food ingredients. However, as used in this  
26 34 subsection, "food" does not include alcoholic  
26 35 beverages, candy, dietary supplements, food sold  
26 36 through vending machines, prepared food, soft drinks,  
26 37 and tobacco.

26 38 For the purposes of this subsection:

26 39 a. "Alcoholic beverages" means beverages that are



26 40 suitable for human consumption and contain one-half of  
26 41 one percent or more of alcohol by volume.

26 42 b. "Candy" means a preparation of sugar, honey, or  
26 43 other natural or artificial sweeteners in combination  
26 44 with chocolate, fruits, nuts, or other ingredients or  
26 45 flavorings in the form of bars, drops, or pieces.  
26 46 Candy shall not include any preparation containing  
26 47 flour and shall require no refrigeration.

26 48 c. "Dietary supplement" means any product, other  
26 49 than tobacco, intended to supplement the diet that  
26 50 contains one or more of the following dietary  
27 1 ingredients:

27 2 (1) A vitamin.  
27 3 (2) A mineral.  
27 4 (3) An herb or other botanical.  
27 5 (4) An amino acid.  
27 6 (5) A dietary substance for use by humans to  
27 7 supplement the diet by increasing the total dietary  
27 8 intake.  
27 9 (6) A concentrate, metabolite, constituent,  
27 10 extract, or combination of any of the ingredients in  
27 11 subparagraphs (1) through (5) that is intended for  
27 12 ingestion in tablet, capsule, powder, softgel, gelcap,  
27 13 or liquid form, or if not intended for ingestion in  
27 14 such a form, is not represented as conventional food  
27 15 and is not represented for use as a sole item of a  
27 16 meal or of the diet; and is required to be labeled as  
27 17 a dietary supplement, identifiable by the "supplement  
27 18 facts" box found on the label and as required pursuant  
27 19 to 21 C.F.R. } 101.36.

27 20 d. "Food and food ingredients" means substances,  
27 21 whether in liquid, concentrated, solid, frozen, dried,  
27 22 or dehydrated form, that are sold for ingestion or  
27 23 chewing by humans and are consumed for their taste or  
27 24 nutritional value.

27 25 e. "Food sold through vending machines" means food  
27 26 dispensed from a machine or other mechanical device  
27 27 that accepts payment.

27 28 f. "Prepared food" means any of following:  
27 29 (1) Food sold in a heated state or heated by the  
27 30 seller.  
27 31 (2) Two or more food ingredients mixed or combined  
27 32 by the seller for sale as a single item. "Prepared  
27 33 food", for the purposes of this subparagraph, does not  
27 34 include food that is only cut, repackaged, or  
27 35 pasteurized by the seller, and eggs, fish, meat,  
27 36 poultry, and foods containing these raw animal foods  
27 37 requiring cooking by the consumer as recommended by  
27 38 the United States food and drug administration in  
27 39 chapter 3, part 401.11 of its food code so as to  
27 40 prevent food borne illnesses.  
27 41 (3) Food sold with eating utensils provided by the  
27 42 seller, including plates, knives, forks, spoons,  
27 43 glasses, cups, napkins, or straws. A plate does not  
27 44 include a container or packaging used to transport  
27 45 food.

27 46 g. "Soft drinks" means nonalcoholic beverages that  
27 47 contain natural or artificial sweeteners. "Soft  
27 48 drinks" does not include beverages that contain milk  
27 49 or milk products; soy, rice, or similar milk  
27 50 substitutes; or greater than fifty percent of  
28 1 vegetable or fruit juice by volume.

28 2 f. "Tobacco" means cigarettes, cigars, chewing or  
28 3 pipe tobacco, or any other item that contains tobacco.

28 4 57. The sales price from the sale of items  
28 5 purchased with coupons issued under the federal Food  
28 6 Stamp Act of 1977, 7 U.S.C. } 2011 et seq.

28 7 58. In transactions in which tangible personal  
28 8 property is traded toward the sales price of other  
28 9 tangible personal property, that portion of the sales  
28 10 price which is not payable in money to the retailer is  
28 11 exempted from the taxable amount if the following  
28 12 conditions are met:

28 13 a. The tangible personal property traded to the  
28 14 retailer is the type of property normally sold in the  
28 15 regular course of the retailer's business.

28 16 b. The tangible personal property traded to the  
28 17 retailer is intended by the retailer to be ultimately  
28 18 sold at retail or is intended to be used by the  
28 19 retailer or another in the remanufacturing of a like  
28 20 item.

28 21 59. The sales price from the sale or rental of  
28 22 prescription drugs or medical devices intended for  
28 23 human use or consumption.  
28 24 For the purposes of this subsection:  
28 25 a. "Drug" means a compound, substance, or  
28 26 preparation, and any component of a compound,  
28 27 substance, or preparation, other than food and food  
28 28 ingredients, dietary supplements, or alcoholic  
28 29 beverages which is any of the following:  
28 30 (1) Recognized in the official United States  
28 31 pharmacopoeia, official homeopathic pharmacopoeia of  
28 32 the United States, or official national formulary, and  
28 33 supplement to any of them.  
28 34 (2) Intended for use in the diagnosis, cure,  
28 35 mitigation, treatment, or prevention of disease.  
28 36 (3) Intended to affect the structure or any  
28 37 function of the body.  
28 38 b. "Medical device" means equipment or a supply,  
28 39 intended to be prescribed by a practitioner, including  
28 40 orthopedic or orthotic devices. However, "medical  
28 41 device" also includes prosthetic devices, ostomy,  
28 42 urological, and tracheostomy equipment and supplies,  
28 43 and diabetic testing materials, hypodermic syringes  
28 44 and needles, anesthesia trays, biopsy trays and biopsy  
28 45 needles, cannula systems, catheter trays and invasive  
28 46 catheters, dialyzers, drug infusion devices, fistula  
28 47 sets, hemodialysis devices, insulin infusion devices,  
28 48 intraocular lenses, irrigation solutions, intravenous  
28 49 administering sets, solutions and stopcocks, myelogram  
28 50 trays, nebulizers, small vein infusion kits, spinal  
29 1 puncture trays, transfusion sets, venous blood sets,  
29 2 and oxygen equipment, intended to be dispensed for  
29 3 human use with or without a prescription to an  
29 4 ultimate user.  
29 5 c. "Practitioner" means a practitioner as defined  
29 6 in section 155A.3, or a person licensed to prescribe  
29 7 drugs.  
29 8 d. "Prescription drug" means a drug intended to be  
29 9 dispensed to an ultimate user pursuant to a  
29 10 prescription drug order, formula, or recipe issued in  
29 11 any form of oral, written, electronic, or other means  
29 12 of transmission by a duly licensed practitioner, or  
29 13 oxygen or insulin dispensed for human consumption with  
29 14 or without a prescription drug order or medication  
29 15 order.  
29 16 e. "Prosthetic device" means a replacement,  
29 17 corrective, or supportive device including repair and  
29 18 replacement parts for the same worn on or in the body  
29 19 to do any of the following:  
29 20 (1) Artificially replace a missing portion of the  
29 21 body.  
29 22 (2) Prevent or correct physical deformity or  
29 23 malfunction.  
29 24 (3) Support a weak or deformed portion of the  
29 25 body.  
29 26 f. "Ultimate user" means an individual who has  
29 27 lawfully obtained and possesses a prescription drug or  
29 28 medical device for the individual's own use or for the  
29 29 use of a member of the individual's household, or an  
29 30 individual to whom a prescription drug or medical  
29 31 device has been lawfully supplied, administered,  
29 32 dispensed, or prescribed.  
29 33 60. The sales price from services furnished by  
29 34 aerial commercial and charter transportation services.  
29 35 61. The sales price from the sale of raffle  
29 36 tickets for a raffle licensed pursuant to section  
29 37 99B.5.  
29 38 62. The sales price from the sale of tangible  
29 39 personal property which will be given as prizes to  
29 40 players in games of skill, games of chance, raffles,  
29 41 and bingo games as defined in chapter 99B.  
29 42 63. The sales price from the sale of a modular  
29 43 home, as defined in section 435.1, to the extent of  
29 44 the portion of the purchase price of the modular home  
29 45 which is not attributable to the cost of the tangible  
29 46 personal property used in the processing of the  
29 47 modular home. For purposes of this exemption, the  
29 48 portion of the purchase price which is not  
29 49 attributable to the cost of the tangible personal  
29 50 property used in the processing of the modular home is  
30 1 forty percent.

30 2 64. The sales price from charges paid to a  
30 3 provider for access to on-line computer services. For  
30 4 purposes of this subsection, "on-line computer  
30 5 service" means a service that provides or enables  
30 6 computer access by multiple users to the internet or  
30 7 to other information made available through a computer  
30 8 server.

30 9 65. The sales price from the sale or rental of  
30 10 information services. "Information services" means  
30 11 every business activity, process, or function by which  
30 12 a seller or its agent accumulates, prepares,  
30 13 organizes, or conveys data, facts, knowledge,  
30 14 procedures, and like services to a buyer or its agent  
30 15 of such information through any tangible or intangible  
30 16 medium. Information accumulated, prepared, or  
30 17 organized for a buyer or its agent is an information  
30 18 service even though it may incorporate preexisting  
30 19 components of data or other information. "Information  
30 20 services" includes, but is not limited to, database  
30 21 files, mailing lists, subscription files, market  
30 22 research, credit reports, surveys, real estate  
30 23 listings, bond rating reports, abstracts of title, bad  
30 24 check lists, broadcasting rating services, wire  
30 25 services, and scouting reports, or other similar  
30 26 items.

30 27 66. The sales price of a sale at retail if the  
30 28 substance of the transaction is delivered to the  
30 29 purchaser digitally, electronically, or utilizing  
30 30 cable, or by radio waves, microwaves, satellites, or  
30 31 fiber optics.

30 32 67. a. The sales price from the sale of an  
30 33 article of clothing designed to be worn on or about  
30 34 the human body if all of the following apply:

30 35 (1) The sales price of the article is less than  
30 36 one hundred dollars.

30 37 (2) The sale takes place during a period beginning  
30 38 at 12:01 a.m. on the first Friday in August and ending  
30 39 at midnight on the following Saturday.

30 40 b. This subsection does not apply to any of the  
30 41 following:

30 42 (1) Sport or recreational equipment and protective  
30 43 equipment.

30 44 (2) Clothing accessories or equipment.

30 45 (3) The rental of clothing.

30 46 c. For purposes of this subsection:

30 47 (1) "Clothing" means all human wearing apparel  
30 48 suitable for general use. "Clothing" includes, but is  
30 49 not limited to the following: aprons, household and  
30 50 shop; athletic supporters; baby receiving blankets;  
31 1 bathing suits and caps; beach capes and coats; belts  
31 2 and suspenders; boots; coats and jackets; costumes;  
31 3 diapers (children and adults, including disposable  
31 4 diapers); earmuffs; footlets; formal wear; garters and  
31 5 garter belts; girdles; gloves and mittens for general  
31 6 use; hats and caps; hosiery; insoles for shoes; lab  
31 7 coats; neckties; overshoes; pantyhose; rainwear;  
31 8 rubber pants; sandals; scarves; shoes and shoelaces;  
31 9 slippers; sneakers; socks and stockings; steel-toed  
31 10 shoes; underwear; uniforms, athletic and nonathletic;  
31 11 and wedding apparel.

31 12 "Clothing" does not include the following: belt  
31 13 buckles sold separately; costume masks sold  
31 14 separately; patches and emblems sold separately;  
31 15 sewing equipment and supplies (including, but not  
31 16 limited to, knitting needles, patterns, pins,  
31 17 scissors, sewing machines, sewing needles, tape  
31 18 measures, and thimbles); and sewing materials that  
31 19 become part of clothing (including, but not limited  
31 20 to, buttons, fabric, lace, thread, yarn, and zippers).

31 21 (2) "Clothing accessories or equipment" means  
31 22 incidental items worn on the person or in conjunction  
31 23 with clothing. "Clothing accessories or equipment"  
31 24 includes, but is not limited to, the following:  
31 25 briefcases; cosmetics; hair notions (including, but  
31 26 not limited to, barrettes, hair bows, and hair nets);  
31 27 handbags; handkerchiefs; jewelry; sunglasses,  
31 28 nonprescription; umbrellas; wallets; watches; and wigs  
31 29 and hairpieces.

31 30 (3) "Protective equipment" means items for human  
31 31 wear and designed as protection for the wearer against  
31 32 injury or disease or as protection against damage or

31 33 injury of other persons or property but not suitable  
31 34 for general use. "Protective equipment" includes, but  
31 35 is not limited to, the following: breathing masks;  
31 36 clean room apparel and equipment; ear and hearing  
31 37 protectors; face shields; hard hats; helmets; paint or  
31 38 dust respirators; protective gloves; safety glasses  
31 39 and goggles; safety belts; tool belts; and welders  
31 40 gloves and masks.

31 41 (4) "Sport or recreational equipment" means items  
31 42 designed for human use and worn in conjunction with an  
31 43 athletic or recreational activity that are not  
31 44 suitable for general use. "Sport or recreational  
31 45 equipment" includes, but is not limited to, the  
31 46 following: ballet and tap shoes; cleated or spiked  
31 47 athletic shoes; gloves (including, but not limited to,  
31 48 baseball, bowling, boxing, hockey, and golf); goggles;  
31 49 hand and elbow guards; life preservers and vests;  
31 50 mouth guards; roller and ice skates; shin guards;  
32 1 shoulder pads; ski boots; waders; and wetsuits and  
32 2 fins.

32 3 68. a. Subject to paragraph "b", the sales price  
32 4 from the sale or furnishing of metered gas,  
32 5 electricity, and fuel, including propane and heating  
32 6 oil, to residential customers which is used to provide  
32 7 energy for residential dwellings and units of  
32 8 apartment and condominium complexes used for human  
32 9 occupancy.

32 10 b. The exemption in this subsection shall be  
32 11 phased in by means of a reduction in the tax rate as  
32 12 follows:

32 13 (1) If the date of the utility billing or meter  
32 14 reading cycle of the residential customer for the sale  
32 15 or furnishing of metered gas and electricity is on or  
32 16 after January 1, 2002, through December 31, 2002, or  
32 17 if the sale or furnishing of fuel for purposes of  
32 18 residential energy and the delivery of the fuel occurs  
32 19 on or after January 1, 2002, through December 31,  
32 20 2002, the rate of tax is four percent of the sales  
32 21 price.

32 22 (2) If the date of the utility billing or meter  
32 23 reading cycle of the residential customer for the sale  
32 24 or furnishing of metered gas and electricity is on or  
32 25 after January 1, 2003, through December 31, 2003, or  
32 26 if the sale or furnishing of fuel for purposes of  
32 27 residential energy and the delivery of the fuel occurs  
32 28 on or after January 1, 2003, through December 31,  
32 29 2003, the rate of tax is three percent of the sales  
32 30 price.

32 31 (3) If the date of the utility billing or meter  
32 32 reading cycle of the residential customer for the sale  
32 33 or furnishing of metered gas and electricity is on or  
32 34 after January 1, 2004, through December 31, 2004, or  
32 35 if the sale or furnishing of fuel for purposes of  
32 36 residential energy and the delivery of the fuel occurs  
32 37 on or after January 1, 2004, through December 31,  
32 38 2004, the rate of tax is two percent of the sales  
32 39 price.

32 40 (4) If the date of the utility billing or meter  
32 41 reading cycle of the residential customer for the sale  
32 42 or furnishing of metered gas and electricity is on or  
32 43 after January 1, 2005, through December 31, 2005, or  
32 44 if the sale or furnishing of fuel for purposes of  
32 45 residential energy and the delivery of the fuel occurs  
32 46 on or after January 1, 2005, through December 31,  
32 47 2005, the rate of tax is one percent of the sales  
32 48 price.

32 49 (5) If the date of the utility billing or meter  
32 50 reading cycle of the residential customer for the sale  
33 1 or furnishing of metered gas and electricity is on or  
33 2 after January 1, 2006, or if the sale, furnishing, or  
33 3 service of fuel for purposes of residential energy and  
33 4 the delivery of the fuel occurs on or after January 1,  
33 5 2006, the rate of tax is zero percent of the sales  
33 6 price.

33 7 c. The exemption in this subsection does not apply  
33 8 to local option sales and services tax imposed  
33 9 pursuant to chapters 423B and 423E.

33 10 69. The sales price from charges paid for the  
33 11 delivery of electricity or natural gas if the sale or  
33 12 furnishing of the electricity or natural gas or its  
33 13 use is exempt from the tax on sales prices imposed

33 14 under this subchapter or from the use tax imposed  
33 15 under subchapter III.

33 16 70. The sales price from the sales, furnishing, or  
33 17 service of transportation service except the rental of  
33 18 recreational vehicles or recreational boats, except  
33 19 the rental of motor vehicles subject to registration  
33 20 which are registered for a gross weight of thirteen  
33 21 tons or less for a period of sixty days or less, and  
33 22 except the rental of aircraft for a period of sixty  
33 23 days or less. This exemption does not apply to the  
33 24 transportation of electric energy or natural gas.

33 25 71. The sales price from sales of tangible  
33 26 personal property used or to be used as railroad  
33 27 rolling stock for transporting persons or property, or  
33 28 as materials or parts therefor.

33 29 72. The sales price from the sales of special fuel  
33 30 for diesel engines consumed or used in the operation  
33 31 of ships, barges, or waterborne vessels which are used  
33 32 primarily in or for the transportation of property or  
33 33 cargo, or the conveyance of persons for hire on rivers  
33 34 bordering on the state if the fuel is delivered by the  
33 35 seller to the purchaser's barge, ship, or waterborne  
33 36 vessel while it is afloat upon such a river.

33 37 73. The sales price from sales of vehicles subject  
33 38 to registration or subject only to the issuance of a  
33 39 certificate of title and sales of aircraft subject to  
33 40 registration under section 328.20.

33 41 74. The sales price from the sale of aircraft for  
33 42 use in a scheduled interstate federal aviation  
33 43 administration certificated air carrier operation.

33 44 75. The sales price from the sale or rental of  
33 45 aircraft; the sale or rental of tangible personal  
33 46 property permanently affixed or attached as a  
33 47 component part of the aircraft, including but not  
33 48 limited to repair or replacement materials or parts;  
33 49 and the sales price of all services used for aircraft  
33 50 repair, remodeling, and maintenance services when such  
34 1 services are performed on aircraft, aircraft engines,  
34 2 or aircraft component materials or parts. For the  
34 3 purposes of this exemption, "aircraft" means aircraft  
34 4 used in a scheduled interstate federal aviation  
34 5 administration certificated air carrier operation.

34 6 76. The sales price from the sale or rental of  
34 7 tangible personal property permanently affixed or  
34 8 attached as a component part of the aircraft,  
34 9 including but not limited to repair or replacement  
34 10 materials or parts; and the sales price of all  
34 11 services used for aircraft repair, remodeling, and  
34 12 maintenance services when such services are performed  
34 13 on aircraft, aircraft engines, or aircraft component  
34 14 materials or parts. For the purposes of this  
34 15 exemption, "aircraft" means aircraft used in  
34 16 nonscheduled interstate federal aviation  
34 17 administration certificated air carrier operation  
34 18 operating under 14 C.F.R. ch. 1, pt. 135.

34 19 77. The sales price from the sale of aircraft to  
34 20 an aircraft dealer who in turn rents or leases the  
34 21 aircraft if all of the following apply:

34 22 a. The aircraft is kept in the inventory of the  
34 23 dealer for sale at all times.

34 24 b. The dealer reserves the right to immediately  
34 25 take the aircraft from the renter or lessee when a  
34 26 buyer is found.

34 27 c. The renter or lessee is aware that the dealer  
34 28 will immediately take the aircraft when a buyer is  
34 29 found.

34 30 If an aircraft exempt under this subsection is used  
34 31 for any purpose other than leasing or renting, or the  
34 32 conditions in paragraphs "a", "b", and "c" are not  
34 33 continuously met, the dealer claiming the exemption  
34 34 under this subsection is liable for the tax that would  
34 35 have been due except for this subsection. The tax  
34 36 shall be computed upon the original purchase price.

34 37 78. The sales price from sales or rental of  
34 38 tangible personal property, or services rendered by  
34 39 any entity where the profits from the sales or rental  
34 40 of the tangible personal property, or services  
34 41 rendered are used by or donated to a nonprofit entity  
34 42 which is exempt from federal income taxation pursuant  
34 43 to section 501(c)(3) of the Internal Revenue Code, a  
34 44 government entity, or a nonprofit private educational

34 45 institution, and where the entire proceeds from the  
34 46 sales, rental, or services are expended for any of the  
34 47 following purposes:  
34 48     a. Educational.  
34 49     b. Religious.  
34 50     c. Charitable. A charitable act is an act done  
35 1 out of goodwill, benevolence, and a desire to add to  
35 2 or to improve the good of humankind in general or any  
35 3 class or portion of humankind, with no pecuniary  
35 4 profit inuring to the person performing the service or  
35 5 giving the gift.  
35 6     This exemption does not apply to the sales price  
35 7 from games of skill, games of chance, raffles, and  
35 8 bingo games as defined in chapter 99B. This exemption  
35 9 is disallowed on the amount of the sales price only to  
35 10 the extent the profits from the sales, rental, or  
35 11 services are not used by or donated to the appropriate  
35 12 entity and expended for educational, religious, or  
35 13 charitable purposes.  
35 14     79. The sales price from the sale or rental of  
35 15 tangible personal property or from services furnished  
35 16 to a recognized community action agency as provided in  
35 17 section 216A.93 to be used for the purposes of the  
35 18 agency.  
35 19     80. a. For purposes of this subsection,  
35 20 "designated exempt entity" means an entity which is  
35 21 designated in section 423.4, subsection 1.  
35 22     b. If a contractor, subcontractor, or builder is  
35 23 to use building materials, supplies, and equipment in  
35 24 the performance of a construction contract with a  
35 25 designated exempt entity, the person shall purchase  
35 26 such items of tangible personal property without  
35 27 liability for the tax if such property will be used in  
35 28 the performance of the construction contract and a  
35 29 purchasing agent authorization letter and an exemption  
35 30 certificate, issued by the designated exempt entity,  
35 31 are presented to the retailer.  
35 32     c. Where the owner, contractor, subcontractor, or  
35 33 builder is also a retailer holding a retail sales tax  
35 34 permit and transacting retail sales of building  
35 35 materials, supplies, and equipment, the tax shall not  
35 36 be due when materials are withdrawn from inventory for  
35 37 use in construction performed for a designated exempt  
35 38 entity if an exemption certificate is received from  
35 39 such entity.  
35 40     d. Tax shall not apply to tangible personal  
35 41 property purchased and consumed by a manufacturer as  
35 42 building materials, supplies, or equipment in the  
35 43 performance of a construction contract for a  
35 44 designated exempt entity, if a purchasing agent  
35 45 authorization letter and an exemption certificate are  
35 46 received from such entity and presented to a retailer.  
35 47     Sec. \_\_\_\_\_. NEW SECTION. 423.4 REFUNDS.  
35 48     1. A private nonprofit educational institution in  
35 49 this state, nonprofit private museum in this state,  
35 50 tax-certifying or tax-levying body or governmental  
36 1 subdivision of the state, including the state board of  
36 2 regents, state department of human services, state  
36 3 department of transportation, a municipally owned  
36 4 solid waste facility which sells all or part of its  
36 5 processed waste as fuel to a municipally owned public  
36 6 utility, and all divisions, boards, commissions,  
36 7 agencies, or instrumentalities of state, federal,  
36 8 county, or municipal government which do not have  
36 9 earnings going to the benefit of an equity investor or  
36 10 stockholder, may make application to the department  
36 11 for the refund of the sales or use tax upon the sales  
36 12 price of all sales of goods, wares, or merchandise, or  
36 13 from services furnished to a contractor, used in the  
36 14 fulfillment of a written contract with the state of  
36 15 Iowa, any political subdivision of the state, or a  
36 16 division, board, commission, agency, or  
36 17 instrumentality of the state or a political  
36 18 subdivision, a private nonprofit educational  
36 19 institution in this state, or a nonprofit private  
36 20 museum in this state if the property becomes an  
36 21 integral part of the project under contract and at the  
36 22 completion of the project becomes public property, is  
36 23 devoted to educational uses, or becomes a nonprofit  
36 24 private museum; except goods, wares, or merchandise,  
36 25 or services furnished which are used in the

36 26 performance of any contract in connection with the  
36 27 operation of any municipal utility engaged in selling  
36 28 gas, electricity, or heat to the general public or in  
36 29 connection with the operation of a municipal pay  
36 30 television system; and except goods, wares, and  
36 31 merchandise used in the performance of a contract for  
36 32 a "project" under chapter 419 as defined in that  
36 33 chapter other than goods, wares, or merchandise used  
36 34 in the performance of a contract for a "project" under  
36 35 chapter 419 for which a bond issue was approved by a  
36 36 municipality prior to July 1, 1968, or for which the  
36 37 goods, wares, or merchandise becomes an integral part  
36 38 of the project under contract and at the completion of  
36 39 the project becomes public property or is devoted to  
36 40 educational uses.

36 41 a. Such contractor shall state under oath, on  
36 42 forms provided by the department, the amount of such  
36 43 sales of goods, wares, or merchandise, or services  
36 44 furnished and used in the performance of such  
36 45 contract, and upon which sales or use tax has been  
36 46 paid, and shall file such forms with the governmental  
36 47 unit, private nonprofit educational institution, or  
36 48 nonprofit private museum which has made any written  
36 49 contract for performance by the contractor. The forms  
36 50 shall be filed by the contractor with the governmental  
37 1 unit, educational institution, or nonprofit private  
37 2 museum before final settlement is made.

37 3 b. Such governmental unit, educational  
37 4 institution, or nonprofit private museum shall, not  
37 5 more than one year after the final settlement has been  
37 6 made, make application to the department for any  
37 7 refund of the amount of the sales or use tax which  
37 8 shall have been paid upon any goods, wares, or  
37 9 merchandise, or services furnished, the application to  
37 10 be made in the manner and upon forms to be provided by  
37 11 the department, and the department shall forthwith  
37 12 audit the claim and, if approved, issue a warrant to  
37 13 the governmental unit, educational institution, or  
37 14 nonprofit private museum in the amount of the sales or  
37 15 use tax which has been paid to the state of Iowa under  
37 16 the contract.

37 17 Refunds authorized under this subsection shall  
37 18 accrue interest at the rate in effect under section  
37 19 421.7 from the first day of the second calendar month  
37 20 following the date the refund claim is received by the  
37 21 department.

37 22 c. Any contractor who willfully makes a false  
37 23 report of tax paid under the provisions of this  
37 24 subsection is guilty of a simple misdemeanor and in  
37 25 addition shall be liable for the payment of the tax  
37 26 and any applicable penalty and interest.

37 27 2. The refund of sales and use tax paid on  
37 28 transportation construction projects let by the state  
37 29 department of transportation is subject to the special  
37 30 provisions of this subsection.

37 31 a. A contractor awarded a contract for a  
37 32 transportation construction project is considered the  
37 33 consumer of all building materials, building supplies,  
37 34 and equipment and shall pay sales tax to the supplier  
37 35 or remit consumer use tax directly to the department.

37 36 b. The contractor is not required to file  
37 37 information with the state department of  
37 38 transportation stating the amount of goods, wares, or  
37 39 merchandise, or services rendered, furnished, or  
37 40 performed and used in the performance of the contract  
37 41 or the amount of sales or use tax paid.

37 42 c. The state department of transportation shall  
37 43 file a refund claim based on a formula that considers  
37 44 the following:

37 45 (1) The quantity of material to complete the  
37 46 contract, and quantities of items of work.

37 47 (2) The estimated cost of these materials included  
37 48 in the items of work, and the state sales or use tax  
37 49 to be paid on the tax rate in effect in section 423.2.

37 50 The quantity of materials shall be determined after  
38 1 each letting based on the contract quantities of all  
38 2 items of work let to contract. The quantity of  
38 3 individual component materials required for each item  
38 4 shall be determined and maintained in a database. The  
38 5 total quantities of materials shall be determined by  
38 6 multiplying the quantities of component materials for

38 7 each contract item of work by the total quantities of  
38 8 each contract item for each letting. Where variances  
38 9 exist in the cost of materials, the lowest cost shall  
38 10 be used as the base cost.  
38 11 d. Only the state sales or use tax is refundable.  
38 12 Local option taxes paid by the contractor are not  
38 13 refundable.

38 14 3. A relief agency may apply to the director for  
38 15 refund of the amount of sales or use tax imposed and  
38 16 paid upon sales to it of any goods, wares,  
38 17 merchandise, or services furnished, used for free  
38 18 distribution to the poor and needy.

38 19 a. The refunds may be obtained only in the  
38 20 following amounts and manner and only under the  
38 21 following conditions:

38 22 (1) On forms furnished by the department, and  
38 23 filed within the time as the director shall provide by  
38 24 rule, the relief agency shall report to the department  
38 25 the total amount or amounts, valued in money, expended  
38 26 directly or indirectly for goods, wares, merchandise,  
38 27 or services furnished, used for free distribution to  
38 28 the poor and needy.

38 29 (2) On these forms the relief agency shall  
38 30 separately list the persons making the sales to it or  
38 31 to its order, together with the dates of the sales,  
38 32 and the total amount so expended by the relief agency.

38 33 (3) The relief agency must prove to the  
38 34 satisfaction of the director that the person making  
38 35 the sales has included the amount thereof in the  
38 36 computation of the sales price of such person and that  
38 37 such person has paid the tax levied by this subchapter  
38 38 or subchapter III, based upon such computation of the  
38 39 sales price.

38 40 b. If satisfied that the foregoing conditions and  
38 41 requirements have been complied with, the director  
38 42 shall refund the amount claimed by the relief agency.

#### 38 43 SUBCHAPTER III

#### 38 44 USE TAX

38 45 Sec. \_\_\_\_\_. NEW SECTION. 423.5 IMPOSITION OF TAX.

38 46 An excise tax at the rate of five percent of the  
38 47 purchase price or installed purchase price is imposed  
38 48 on the following:

38 49 1. The use in this state of tangible personal  
38 50 property as defined in section 423.1, including  
39 1 aircraft subject to registration under section 328.20,  
39 2 purchased for use in this state. For the purposes of  
39 3 this subchapter, the furnishing or use of the  
39 4 following services is also treated as the use of  
39 5 tangible personal property: optional service or  
39 6 warranty contracts, except residential service  
39 7 contracts regulated under chapter 523C, vulcanizing,  
39 8 recapping, or retreading services, engraving,  
39 9 photography, retouching, printing, or binding  
39 10 services, and communication service when furnished or  
39 11 delivered to consumers or users within this state.

39 12 2. The use of manufactured housing in this state,  
39 13 on the purchase price if the manufactured housing is  
39 14 sold in the form of tangible personal property or on  
39 15 the installed purchase price if the manufactured  
39 16 housing is sold in the form of realty.

39 17 3. The use of leased vehicles, on the amount  
39 18 subject to tax as calculated pursuant to section  
39 19 423.27.

39 20 4. Purchases of tangible personal property made  
39 21 from the government of the United States or any of its  
39 22 agencies by ultimate consumers shall be subject to the  
39 23 tax imposed by this section. Services purchased from  
39 24 the same source or sources shall be subject to the  
39 25 service tax imposed by this subchapter and apply to  
39 26 the user of the services.

39 27 5. The use in this state of services enumerated in  
39 28 section 423.2. This tax is applicable where services  
39 29 are furnished in this state or where the product or  
39 30 result of the service is used in this state.

39 31 6. The excise tax is imposed upon every person  
39 32 using the property within this state until the tax has  
39 33 been paid directly to the county treasurer, the state  
39 34 department of transportation, a retailer, or the  
39 35 department. This tax is imposed on every person using  
39 36 the services or the product of the services in this  
39 37 state until the user has paid the tax either to an



39 38 Iowa use tax permit holder or to the department.  
39 39 7. For the purpose of the proper administration of  
39 40 the use tax and to prevent its evasion, evidence that  
39 41 tangible personal property was sold by any person for  
39 42 delivery in this state shall be prima facie evidence  
39 43 that such tangible personal property was sold for use  
39 44 in this state.

39 45 Sec. \_\_\_\_ NEW SECTION. 423.6 EXEMPTIONS.  
39 46 The use in this state of the following tangible  
39 47 personal property and services is exempted from the  
39 48 tax imposed by this subchapter:

39 49 1. Tangible personal property and enumerated  
39 50 services, the sales price from the sale of which are  
40 1 required to be included in the measure of the sales  
40 2 tax, if that tax has been paid to the department or  
40 3 the retailer. This exemption does not include  
40 4 vehicles subject to registration or subject only to  
40 5 the issuance of a certificate of title.

40 6 2. The sale of tangible personal property or the  
40 7 furnishing of services in the regular course of  
40 8 business.

40 9 3. Property used in processing. The use of  
40 10 property in processing within the meaning of this  
40 11 subsection shall mean and include any of the  
40 12 following:

40 13 a. Any tangible personal property including  
40 14 containers which it is intended shall, by means of  
40 15 fabrication, compounding, manufacturing, or  
40 16 germination, become an integral part of other tangible  
40 17 personal property intended to be sold ultimately at  
40 18 retail, and containers used in the collection,  
40 19 recovery, or return of empty beverage containers  
40 20 subject to chapter 455C.

40 21 b. Fuel which is consumed in creating power, heat,  
40 22 or steam for processing or for generating electric  
40 23 current.

40 24 c. Chemicals, solvents, sorbents, or reagents,  
40 25 which are directly used and are consumed, dissipated,  
40 26 or depleted in processing tangible personal property  
40 27 which is intended to be sold ultimately at retail, and  
40 28 which may not become a component or integral part of  
40 29 the finished product.

40 30 d. The distribution to the public of free  
40 31 newspapers or shoppers guides shall be deemed a retail  
40 32 sale for purposes of the processing exemption in this  
40 33 subsection.

40 34 4. All articles of tangible personal property  
40 35 brought into the state of Iowa by a nonresident  
40 36 individual for the individual's use or enjoyment while  
40 37 within the state.

40 38 5. Services exempt from taxation by the provisions  
40 39 of section 423.3.

40 40 6. Tangible personal property or services the  
40 41 sales price of which is exempt from the sales tax  
40 42 under section 423.3, except subsections 39 and 73, as  
40 43 it relates to the sale, but not the lease or rental,  
40 44 of vehicles subject to registration or subject only to  
40 45 the issuance of a certificate of title and as it  
40 46 relates to aircraft subject to registration under  
40 47 section 328.20.

40 48 7. Advertisement and promotional material and  
40 49 matter, seed catalogs, envelopes for same, and other  
40 50 similar material temporarily stored in this state  
41 1 which are acquired outside of Iowa and which,  
41 2 subsequent to being brought into this state, are sent  
41 3 outside of Iowa, either singly or physically attached  
41 4 to other tangible personal property sent outside of  
41 5 Iowa.

41 6 8. Vehicles, as defined in section 321.1,  
41 7 subsections 41, 64A, 71, 85, and 88, except such  
41 8 vehicles subject to registration which are designed  
41 9 primarily for carrying persons, when purchased for  
41 10 lease and actually leased to a lessee for use outside  
41 11 the state of Iowa and the subsequent sole use in Iowa  
41 12 is in interstate commerce or interstate  
41 13 transportation.

41 14 9. Tangible personal property which, by means of  
41 15 fabrication, compounding, or manufacturing, becomes an  
41 16 integral part of vehicles, as defined in section  
41 17 321.1, subsections 41, 64A, 71, 85, and 88,  
41 18 manufactured for lease and actually leased to a lessee

41 19 for use outside the state of Iowa and the subsequent  
41 20 sole use in Iowa is in interstate commerce or  
41 21 interstate transportation. Vehicles subject to  
41 22 registration which are designed primarily for carrying  
41 23 persons are excluded from this subsection.  
41 24 10. Vehicles subject to registration which are  
41 25 transferred from a business or individual conducting a  
41 26 business within this state as a sole proprietorship,  
41 27 partnership, or limited liability company to a  
41 28 corporation formed by the sole proprietorship,  
41 29 partnership, or limited liability company for the  
41 30 purpose of continuing the business when all of the  
41 31 stock of the corporation so formed is owned by the  
41 32 sole proprietor and the sole proprietor's spouse, by  
41 33 all the partners in the case of a partnership, or by  
41 34 all the members in the case of a limited liability  
41 35 company. This exemption is equally available where  
41 36 the vehicles subject to registration are transferred  
41 37 from a corporation to a sole proprietorship,  
41 38 partnership, or limited liability company formed by  
41 39 that corporation for the purpose of continuing the  
41 40 business when all of the incidents of ownership are  
41 41 owned by the same person or persons who were  
41 42 stockholders of the corporation.  
41 43 This exemption also applies where the vehicles  
41 44 subject to registration are transferred from a  
41 45 corporation as part of the liquidation of the  
41 46 corporation to its stockholders if within three months  
41 47 of such transfer the stockholders retransfer those  
41 48 vehicles subject to registration to a sole  
41 49 proprietorship, partnership, or limited liability  
41 50 company for the purpose of continuing the business of  
42 1 the corporation when all of the incidents of ownership  
42 2 are owned by the same person or persons who were  
42 3 stockholders of the corporation.  
42 4 11. Vehicles registered or operated under chapter  
42 5 326 and used substantially in interstate commerce,  
42 6 section 423.5, subsection 7, notwithstanding. For  
42 7 purposes of this subsection, "substantially in  
42 8 interstate commerce" means that a minimum of twenty=  
42 9 five percent of the miles operated by the vehicle  
42 10 accrues in states other than Iowa. This subsection  
42 11 applies only to vehicles which are registered for a  
42 12 gross weight of thirteen tons or more.  
42 13 For purposes of this subsection, trailers and  
42 14 semitrailers registered or operated under chapter 326  
42 15 are deemed to be used substantially in interstate  
42 16 commerce and to be registered for a gross weight of  
42 17 thirteen tons or more.  
42 18 For the purposes of this subsection, if a vehicle  
42 19 meets the requirement that twenty=five percent of the  
42 20 miles operated accrues in states other than Iowa in  
42 21 each year of the first four=year period of operation,  
42 22 the exemption from use tax shall continue until the  
42 23 vehicle is sold or transferred. If the vehicle is  
42 24 found to have not met the exemption requirements or  
42 25 the exemption was revoked, the value of the vehicle  
42 26 upon which the use tax shall be imposed is the book or  
42 27 market value, whichever is less, at the time the  
42 28 exemption requirements were not met or the exemption  
42 29 was revoked.  
42 30 12. Mobile homes and manufactured housing the use  
42 31 of which has previously been subject to the tax  
42 32 imposed under this subchapter and for which that tax  
42 33 has been paid.  
42 34 13. Mobile homes to the extent of the portion of  
42 35 the purchase price of the mobile home which is not  
42 36 attributable to the cost of the tangible personal  
42 37 property used in the processing of the mobile home,  
42 38 and manufactured housing to the extent of the purchase  
42 39 price or the installed purchase price of the  
42 40 manufactured housing which is not attributable to the  
42 41 cost of the tangible personal property used in the  
42 42 processing of the manufactured housing. For purposes  
42 43 of this exemption, the portion of the purchase price  
42 44 which is not attributable to the cost of the tangible  
42 45 personal property used in the processing of the mobile  
42 46 home is forty percent and the portion of the purchase  
42 47 price or installed purchase price which is not  
42 48 attributable to the cost of the tangible personal  
42 49 property used in the processing of the manufactured

42 50 housing is forty percent.

43 1 14. Tangible personal property used or to be used  
43 2 as a ship, barge, or waterborne vessel which is used  
43 3 or to be used primarily in or for the transportation  
43 4 of property or cargo for hire on the rivers bordering  
43 5 the state or as materials or parts of such ship,  
43 6 barge, or waterborne vessel.

43 7 15. Vehicles subject to registration in any state  
43 8 when purchased for rental or registered and titled by  
43 9 a motor vehicle dealer licensed pursuant to chapter  
43 10 322 for rental use, and held for rental for a period  
43 11 of one hundred twenty days or more and actually rented  
43 12 for periods of sixty days or less by a person  
43 13 regularly engaged in the business of renting vehicles  
43 14 including, but not limited to, motor vehicle dealers  
43 15 licensed pursuant to chapter 322 who rent automobiles  
43 16 to users, if the rental of the vehicles is subject to  
43 17 taxation under chapter 423C.

43 18 16. Motor vehicles subject to registration which  
43 19 were registered and titled between July 1, 1982, and  
43 20 July 1, 1992, to a motor vehicle dealer licensed under  
43 21 chapter 322 and which were rented to a user as defined  
43 22 in section 423C.2 if the following occurred:

43 23 a. The dealer kept the vehicle on the inventory of  
43 24 vehicles for sale at all times.

43 25 b. The vehicle was to be immediately taken from  
43 26 the user of the vehicle when a buyer was found.

43 27 c. The user was aware of this situation.

43 28 17. Vehicles subject to registration under chapter  
43 29 321, with a gross vehicle weight rating of less than  
43 30 sixteen thousand pounds, excluding motorcycles and  
43 31 motorized bicycles, when purchased for lease and  
43 32 titled by the lessor licensed pursuant to chapter 321F  
43 33 and actually leased for a period of twelve months or  
43 34 more if the lease of the vehicle is subject to  
43 35 taxation under section 423.27.

43 36 A lessor may maintain the exemption from use tax  
43 37 under this subsection for a qualifying lease that  
43 38 terminates at the conclusion or prior to the  
43 39 contracted expiration date, if the lessor does not use  
43 40 the vehicle for any purpose other than for lease.  
43 41 Once the vehicle is used by the lessor for a purpose  
43 42 other than for lease, the exemption from use tax under  
43 43 this subsection no longer applies and, unless there is  
43 44 an exemption from the use tax, use tax is due on the  
43 45 fair market value of the vehicle determined at the  
43 46 time the lessor uses the vehicle for a purpose other  
43 47 than for lease, payable to the department. If the  
43 48 lessor holds the vehicle exclusively for sale, use tax  
43 49 is due and payable on the purchase price of the  
43 50 vehicle at the time of purchase pursuant to this

44 1 subchapter.

44 2 18. Aircraft for use in a scheduled interstate  
44 3 federal aviation administration certificated air  
44 4 carrier operation.

44 5 19. Aircraft; tangible personal property  
44 6 permanently affixed or attached as a component part of  
44 7 the aircraft, including but not limited to repair or  
44 8 replacement materials or parts; and all services used  
44 9 for aircraft repair, remodeling, and maintenance  
44 10 services when such services are performed on aircraft,  
44 11 aircraft engines, or aircraft component materials or  
44 12 parts. For the purposes of this exemption, "aircraft"  
44 13 means aircraft used in a scheduled interstate federal  
44 14 aviation administration certificated air carrier  
44 15 operation.

44 16 20. Tangible personal property permanently affixed  
44 17 or attached as a component part of the aircraft,  
44 18 including but not limited to repair or replacement  
44 19 materials or parts; and all services used for aircraft  
44 20 repair, remodeling, and maintenance services when such  
44 21 services are performed on aircraft, aircraft engines,  
44 22 or aircraft component materials or parts. For the  
44 23 purposes of this exemption, "aircraft" means aircraft  
44 24 used in a nonscheduled interstate federal aviation  
44 25 administration certificated air carrier operation  
44 26 operating under 14 C.F.R., ch. 1, pt. 135.

44 27 21. Aircraft sold to an aircraft dealer who in  
44 28 turn rents or leases the aircraft if all of the  
44 29 following apply:

44 30 a. The aircraft is kept in the inventory of the

44 31 dealer for sale at all times.  
44 32 b. The dealer reserves the right to immediately  
44 33 take the aircraft from the renter or lessee when a  
44 34 buyer is found.  
44 35 c. The renter or lessee is aware that the dealer  
44 36 will immediately take the aircraft when a buyer is  
44 37 found.  
44 38 If an aircraft exempt under this subsection is used  
44 39 for any purpose other than leasing or renting, or the  
44 40 conditions in paragraphs "a", "b", and "c" are not  
44 41 continuously met, the dealer claiming the exemption  
44 42 under this subsection is liable for the tax that would  
44 43 have been due except for this subsection. The tax  
44 44 shall be computed upon the original purchase price.  
44 45 22. The use in this state of building materials,  
44 46 supplies, or equipment, the sale or use of which is  
44 47 not treated as a retail sale or a sale at retail under  
44 48 section 423.2, subsection 1.  
44 49 23. Exempted from the purchase price of any  
44 50 vehicle subject to registration is:  
45 1 a. The amount of any cash rebate which is provided  
45 2 by a motor vehicle manufacturer to the purchaser of  
45 3 the vehicle subject to registration so long as the  
45 4 rebate is applied to the purchase price of the  
45 5 vehicle.  
45 6 b. In a transaction between persons, neither of  
45 7 which is a retailer of vehicles subject to  
45 8 registration, in which a vehicle subject to  
45 9 registration is traded toward the purchase price of  
45 10 another vehicle subject to registration, the amount of  
45 11 the trade-in value allowed on the vehicle subject to  
45 12 registration traded.

45 13 SUBCHAPTER IV  
45 14 UNIFORM SALES AND USE TAX ADMINISTRATION ACT  
45 15 Sec. \_\_\_\_\_. NEW SECTION. 423.7 TITLE.  
45 16 This subchapter shall be known and may be cited as  
45 17 the "Uniform Sales and Use Tax Administration Act".  
45 18 Sec. \_\_\_\_\_. NEW SECTION. 423.8 LEGISLATIVE FINDING  
45 19 AND INTENT.  
45 20 The general assembly finds that Iowa should enter  
45 21 into an agreement with one or more states to simplify  
45 22 and modernize sales and use tax administration in  
45 23 order to substantially reduce the burden of tax  
45 24 compliance for all sellers and for all types of  
45 25 commerce. It is the intent of the general assembly  
45 26 that entering into this agreement will lead to  
45 27 simplification and modernization of the sales and use  
45 28 tax law and not to the imposition of new taxes or an  
45 29 increase or decrease in the existing number of  
45 30 exemptions, unless such a result is unavoidable under  
45 31 the terms of the agreement.  
45 32 Sec. \_\_\_\_\_. NEW SECTION. 423.9 AUTHORITY TO ENTER  
45 33 AGREEMENT AND TO REPRESENT THE STATE.  
45 34 The director is authorized and directed to enter  
45 35 into the streamlined sales and use tax agreement with  
45 36 one or more states to simplify and modernize sales and  
45 37 use tax administration in order to substantially  
45 38 reduce the burden of tax compliance for all sellers  
45 39 and for all types of commerce.  
45 40 The director is further authorized to take other  
45 41 actions reasonably required to implement the  
45 42 provisions set forth in this chapter. Other actions  
45 43 authorized by this section include, but are not  
45 44 limited to, the adoption of rules and the joint  
45 45 procurement, with other member states, of goods and  
45 46 services in furtherance of the cooperative agreement.  
45 47 The director or the director's designee is  
45 48 authorized to be a member of the governing board  
45 49 established pursuant to the agreement and to represent  
45 50 Iowa before that body.  
46 1 Sec. \_\_\_\_\_. NEW SECTION. 423.10 RELATIONSHIP TO  
46 2 STATE LAW.  
46 3 Entry into the agreement by the director does not  
46 4 amend or modify any law of this state. Implementation  
46 5 of any condition of the agreement in this state,  
46 6 whether adopted before, at, or after membership of  
46 7 this state in the agreement, shall be by action of the  
46 8 general assembly.  
46 9 Sec. \_\_\_\_\_. NEW SECTION. 423.11 AGREEMENT  
46 10 REQUIREMENTS.  
46 11 The director shall not enter into the agreement

46 12 unless the agreement requires each state to abide by  
46 13 the following requirements:

- 46 14 1. UNIFORM STATE RATE. The agreement must set  
46 15 restrictions to achieve more uniform state rates  
46 16 through the following:
  - 46 17 a. Limiting the number of state rates.
  - 46 18 b. Limiting the application of maximums on the  
46 19 amount of state tax that is due on a transaction.
  - 46 20 c. Limiting the application of thresholds on the  
46 21 application of state tax.
- 46 22 2. UNIFORM STANDARDS. The agreement must  
46 23 establish uniform standards for the following:
  - 46 24 a. The sourcing of transactions to taxing  
46 25 jurisdictions.
  - 46 26 b. The administration of exempt sales.
  - 46 27 c. The allowances a seller can take for bad debts.
  - 46 28 d. Sales and use tax returns and remittances.
- 46 29 3. UNIFORM DEFINITIONS. The agreement must  
46 30 require states to develop and adopt uniform  
46 31 definitions of sales and use tax terms. The  
46 32 definitions must enable a state to preserve its  
46 33 ability to make policy choices not inconsistent with  
46 34 the uniform definitions.
- 46 35 4. CENTRAL REGISTRATION. The agreement must  
46 36 provide a central, electronic registration system that  
46 37 allows a seller to register to collect and remit sales  
46 38 and use taxes for all member states.
- 46 39 5. NO NEXUS CONTRIBUTION. The agreement must  
46 40 provide that registration with the central  
46 41 registration system and the collection of sales and  
46 42 use taxes in the member states must not be used as a  
46 43 factor in determining whether the seller has nexus  
46 44 with a state for any tax.
- 46 45 6. LOCAL SALES AND USE TAXES. The agreement must  
46 46 provide for reduction of the burdens of complying with  
46 47 local sales and use taxes through the following:
  - 46 48 a. Restricting variances between the state and  
46 49 local tax bases.
  - 46 50 b. Requiring states to administer any sales and  
47 1 use taxes levied by local jurisdictions within the  
47 2 state so that sellers collecting and remitting these  
47 3 taxes must not have to register or file returns with,  
47 4 remit funds to, or be subject to independent audits  
47 5 from local taxing jurisdictions.
  - 47 6 c. Restricting the frequency of changes in the  
47 7 local sales and use tax rates and setting effective  
47 8 dates for the application of local jurisdictional  
47 9 boundary changes to local sales and use taxes.
  - 47 10 d. Providing notice of changes in local sales and  
47 11 use tax rates and of changes in the boundaries of  
47 12 local taxing jurisdictions.
- 47 13 7. MONETARY ALLOWANCES. The agreement must  
47 14 outline any monetary allowances that are to be  
47 15 provided by the states to sellers or certified service  
47 16 providers.
- 47 17 8. STATE COMPLIANCE. The agreement must require  
47 18 each state to certify compliance with the terms of the  
47 19 agreement prior to joining and to maintain compliance,  
47 20 under the laws of the member state, with all  
47 21 provisions of the agreement while a member.
- 47 22 9. CONSUMER PRIVACY. The agreement must require  
47 23 each state to adopt a uniform policy for certified  
47 24 service providers that protects the privacy of  
47 25 consumers and maintains the confidentiality of tax  
47 26 information.
- 47 27 10. ADVISORY COUNCILS. The agreement must provide  
47 28 for the appointment of an advisory council of private  
47 29 sector representatives and an advisory council of  
47 30 nonmember state representatives to consult with in the  
47 31 administration of the agreement.

47 32 Sec. \_\_\_\_\_. NEW SECTION. 423.12 LIMITED BINDING  
47 33 AND BENEFICIAL EFFECT.

- 47 34 1. The agreement binds and inures only to the  
47 35 benefit of Iowa and the other member states. A  
47 36 person, other than a member state, is not an intended  
47 37 beneficiary of the agreement. Any benefit to a person  
47 38 other than a member state is established by the law of  
47 39 Iowa and not by the terms of the agreement.
- 47 40 2. A person shall not have any cause of action or  
47 41 defense under the agreement or by virtue of this  
47 42 state's entry into the agreement. A person may not

47 43 challenge, in any action brought under any provision  
47 44 of law, any action or inaction by any department,  
47 45 agency, or other instrumentality of this state, or any  
47 46 political subdivision of this state on the ground that  
47 47 the action or inaction is inconsistent with the  
47 48 agreement.

47 49 3. A law of this state, or the application of it,  
47 50 shall not be declared invalid as to any such person or  
48 1 circumstance on the ground that the provision or  
48 2 application is inconsistent with the agreement.

48 3 SUBCHAPTER V

48 4 SALES AND USE TAX ACT == ADMINISTRATION OF  
48 5 RETAILERS NOT REGISTERED UNDER THE AGREEMENT AND OF  
48 6 CONSUMERS OBLIGATED TO PAY USE TAX DIRECTLY

48 7 Sec. \_\_\_\_\_. NEW SECTION. 423.13 PURPOSE OF THIS  
48 8 SUBCHAPTER.

48 9 The purpose of this subchapter is to provide for  
48 10 the administration and collection of sales or use tax  
48 11 on the part of retailers who are not registered under  
48 12 the agreement and for the collection of use tax on the  
48 13 part of consumers who are obligated to pay that tax  
48 14 directly. Any application of the sections of this  
48 15 subchapter to retailers registered under the agreement  
48 16 is only by way of incorporation by reference into  
48 17 subchapter VI of this chapter.

48 18 Sec. \_\_\_\_\_. NEW SECTION. 423.14 SALES AND USE TAX  
48 19 COLLECTION.

48 20 1. a. Sales tax, other than that described in  
48 21 paragraph "c", shall be collected by sellers who are  
48 22 retailers or by their agents. Sellers or their agents  
48 23 shall, as far as practicable, add the sales tax, or  
48 24 the average equivalent thereof, to the sales price or  
48 25 charge, less trade-ins allowed and taken and when  
48 26 added such tax shall constitute a part of the sales  
48 27 price or charge, shall be a debt from consumer or user  
48 28 to seller or agent until paid, and shall be  
48 29 recoverable at law in the same manner as other debts.

48 30 b. In computing the tax to be collected as the  
48 31 result of any transaction, the tax computation must be  
48 32 carried to the third decimal place. Whenever the  
48 33 third decimal place is greater than four, the tax must  
48 34 be rounded up to the next whole cent; whenever the  
48 35 third decimal place is four or less, the tax must be  
48 36 rounded downward to a whole cent. Sellers may elect  
48 37 to compute the tax due on transactions on an item or  
48 38 invoice basis. Sellers are not required to use a  
48 39 bracket system.

48 40 c. The tax imposed upon those sales of motor  
48 41 vehicle fuel which are subject to tax and refund under  
48 42 chapter 452A shall be collected by the state treasurer  
48 43 by way of deduction from refunds otherwise allowable  
48 44 under that chapter. The treasurer shall transfer the  
48 45 amount of such deductions from the motor vehicle fuel  
48 46 tax fund to the special tax fund.

48 47 2. Use tax shall be collected in the following  
48 48 manner:

48 49 a. The tax upon the use of all vehicles subject to  
48 50 registration or subject only to the issuance of a  
49 1 certificate of title or the tax upon the use of  
49 2 manufactured housing shall be collected by the county  
49 3 treasurer or the state department of transportation  
49 4 pursuant to sections 423.26 and 423.27. The county  
49 5 treasurer shall retain one dollar from each tax  
49 6 payment collected, to be credited to the county  
49 7 general fund.

49 8 b. The tax upon the use of all tangible personal  
49 9 property other than that enumerated in paragraph "a",  
49 10 which is sold by a seller who is a retailer  
49 11 maintaining a place of business in this state, or by  
49 12 such other retailer or agent as the director shall  
49 13 authorize pursuant to section 423.30, shall be  
49 14 collected by the retailer or agent and remitted to the  
49 15 department, pursuant to the provisions of paragraph  
49 16 "e", and sections 423.24, 423.29, 423.30, 423.32, and  
49 17 423.33.

49 18 c. The tax upon the use of all tangible personal  
49 19 property not paid pursuant to paragraphs "a" and "b"  
49 20 shall be paid to the department directly by any person  
49 21 using the property within this state, pursuant to the  
49 22 provisions of section 423.34.

49 23 d. The tax imposed on the use of services

49 24 enumerated in section 423.5 shall be collected,  
49 25 remitted, and paid to the department of revenue and  
49 26 finance in the same manner as use tax on tangible  
49 27 personal property is collected, remitted, and paid  
49 28 under this subchapter.  
49 29 e. All persons obligated by paragraph "a", "b", or  
49 30 "d", to collect use tax shall, as far as practicable,  
49 31 add that tax, or the average equivalent thereof, to  
49 32 the purchase price, less trade-ins allowed and taken,  
49 33 and when added the tax shall constitute a part of the  
49 34 purchase price. Use tax which this section requires  
49 35 to be collected by a retailer and any tax collected  
49 36 pursuant to this section by a retailer shall  
49 37 constitute a debt owed by the retailer to this state.  
49 38 Tax which must be paid directly to the department,  
49 39 pursuant to paragraph "c" or "d", is to be computed  
49 40 and added by the consumer or user to the purchase  
49 41 price in the same manner as this paragraph requires a  
49 42 seller to compute and add the tax. The tax shall be a  
49 43 debt from the consumer or user to the department until  
49 44 paid, and shall be recoverable at law in the same  
49 45 manner as other debts.

49 46 Sec. \_\_\_\_\_. NEW SECTION. 423.15 GENERAL SOURCING  
49 47 RULES.

49 48 All sellers obligated to collect Iowa sales or use  
49 49 tax shall use the standards set out in this section to  
49 50 determine where sales of products occur, excluding  
50 1 sales enumerated in section 423.16. These provisions  
50 2 apply regardless of the characterization of a product  
50 3 as tangible personal property, a digital good, or a  
50 4 service, excluding telecommunications services. This  
50 5 section only applies to determine a seller's  
50 6 obligation to pay or collect and remit a sales or use  
50 7 tax with respect to the seller's sale of a product.  
50 8 This section does not affect the obligation of a  
50 9 purchaser or lessee to remit tax on the use of the  
50 10 product to the taxing jurisdictions in which the use  
50 11 occurs. A seller's obligation to collect Iowa sales  
50 12 tax or Iowa use tax only occurs if the sale is sourced  
50 13 to this state. The application of whether Iowa sales  
50 14 tax applies to sales sourced to Iowa depends upon  
50 15 where the sale is consummated by delivery.

50 16 1. Sales, excluding leases or rentals other than  
50 17 leases or rentals set out in subsection 2, of products  
50 18 shall be sourced as follows.

50 19 a. When the product is received by the purchaser  
50 20 at a business location of the seller, the sale is  
50 21 sourced to that business location.

50 22 b. When the product is not received by the  
50 23 purchaser at a business location of the seller, the  
50 24 sale is sourced to the location where receipt by the  
50 25 purchaser or the purchaser's donee, designated as such  
50 26 by the purchaser, occurs, including the location  
50 27 indicated by instructions for delivery to the  
50 28 purchaser or donee, known to the seller.

50 29 c. When paragraphs "a" and "b" do not apply, the  
50 30 sale is sourced to the location indicated by an  
50 31 address for the purchaser that is available from the  
50 32 business records of the seller that are maintained in  
50 33 the ordinary course of the seller's business when use  
50 34 of this address does not constitute bad faith.

50 35 d. When paragraphs "a", "b", and "c" do not apply,  
50 36 the sale is sourced to the location indicated by an  
50 37 address for the purchaser obtained during the  
50 38 consummation of the sale, including the address of a  
50 39 purchaser's payment instrument, if no other address is  
50 40 available, when use of this address does not  
50 41 constitute bad faith.

50 42 e. When paragraphs "a", "b", "c", and "d" do not  
50 43 apply, including the circumstance where the seller is  
50 44 without sufficient information to apply the previous  
50 45 rules, then the location will be determined by the  
50 46 address from which tangible personal property was  
50 47 shipped, from which the digital good or the computer  
50 48 software delivered electronically was first available  
50 49 for transmission by the seller, or from which the  
50 50 service was provided disregarding for these purposes  
51 1 any location that merely provided the digital transfer  
51 2 of the product sold.

51 3 2. The lease or rental of tangible personal  
51 4 property, other than property identified in subsection

51 5 3 or section 423.16, shall be sourced as follows:  
51 6 a. For a lease or rental that requires recurring  
51 7 periodic payments, the first periodic payment is  
51 8 sourced the same as a retail sale in accordance with  
51 9 the provisions of subsection 1. Periodic payments  
51 10 made subsequent to the first payment are sourced to  
51 11 the primary property location for each period covered  
51 12 by the payment. The primary property location shall  
51 13 be as indicated by an address for the property  
51 14 provided by the lessee that is available to the lessor  
51 15 from its records maintained in the ordinary course of  
51 16 business, when use of this address does not constitute  
51 17 bad faith. The property location shall not be altered  
51 18 by intermittent use at different locations, such as  
51 19 use of business property that accompanies employees on  
51 20 business trips and service calls.  
51 21 b. For a lease or rental that does not require  
51 22 recurring periodic payments, the payment is sourced  
51 23 the same as a retail sale in accordance with the  
51 24 provisions of subsection 1.  
51 25 c. This subsection does not affect the imposition  
51 26 or computation of sales or use tax on leases or  
51 27 rentals based on a lump sum or accelerated basis, or  
51 28 on the acquisition of property for lease.  
51 29 3. The retail sale, including lease or rental, of  
51 30 transportation equipment shall be sourced the same as  
51 31 a retail sale in accordance with the provisions of  
51 32 subsection 1, notwithstanding the exclusion of lease  
51 33 or rental in that subsection. "Transportation  
51 34 equipment" means any of the following:  
51 35 a. Locomotives or railcars that are utilized for  
51 36 the carriage of persons or property in interstate  
51 37 commerce.  
51 38 b. Trucks and truck=tractors with a gross vehicle  
51 39 weight rating of ten thousand one pounds or greater,  
51 40 trailers, semitrailers, or passenger buses that meet  
51 41 both of the following requirements:  
51 42 (1) Are registered through the international  
51 43 registration plan.  
51 44 (2) Are operated under authority of a carrier  
51 45 authorized and certificated by the United States  
51 46 department of transportation or another federal  
51 47 authority to engage in the carriage of persons or  
51 48 property in interstate commerce.  
51 49 c. Aircraft that are operated by air carriers  
51 50 authorized and certificated by the United States  
52 1 department of transportation or another federal or a  
52 2 foreign authority to engage in the carriage of persons  
52 3 or property in interstate or foreign commerce.  
52 4 d. Containers designed for use on and component  
52 5 parts attached or secured on the items set forth in  
52 6 paragraphs "a" through "c".  
52 7 Sec. \_\_\_\_\_. NEW SECTION. 423.16 TRANSACTIONS TO  
52 8 WHICH THE GENERAL SOURCING RULES DO NOT APPLY.  
52 9 Section 423.15 does not apply to sales or use taxes  
52 10 levied on the following:  
52 11 1. The retail sale or transfer of watercraft,  
52 12 modular homes, manufactured housing, or mobile homes,  
52 13 and the retail sale, excluding lease or rental, of  
52 14 motor vehicles, trailers, semitrailers, or aircraft  
52 15 that do not qualify as transportation equipment, as  
52 16 defined in section 423.15, subsection 3.  
52 17 2. The lease or rental of motor vehicles,  
52 18 trailers, semitrailers, or aircraft that do not  
52 19 qualify as transportation equipment, as defined in  
52 20 section 423.15, subsection 3, which shall be sourced  
52 21 in accordance with section 423.17.  
52 22 3. Transactions to which the multiple points use  
52 23 exemption is applicable, which shall be sourced in  
52 24 accordance with section 423.18.  
52 25 4. Transactions to which direct mail sourcing is  
52 26 applicable, which shall be sourced in accordance with  
52 27 section 423.19.  
52 28 5. Telecommunications services, as set out in  
52 29 section 423.20, which shall be sourced in accordance  
52 30 with section 423.20, subsection 2.  
52 31 Sec. \_\_\_\_\_. NEW SECTION. 423.17 SOURCING RULES FOR  
52 32 VARIOUS TYPES OF LEASED OR RENTED EQUIPMENT WHICH IS  
52 33 NOT TRANSPORTATION EQUIPMENT.  
52 34 The lease or rental of motor vehicles, trailers,  
52 35 semitrailers, or aircraft that do not qualify as



52 36 transportation equipment, as defined in section  
52 37 423.15, subsection 3, shall be sourced as follows:

52 38 1. For a lease or rental that requires recurring  
52 39 periodic payments, each periodic payment is sourced to  
52 40 the primary property location. The primary property  
52 41 location shall be as indicated by an address for the  
52 42 property provided by the lessee that is available to  
52 43 the lessor from its records maintained in the ordinary  
52 44 course of business, when use of this address does not  
52 45 constitute bad faith. This location shall not be  
52 46 altered by intermittent use at different locations.

52 47 2. For a lease or rental that does not require  
52 48 recurring periodic payments, the payment is sourced  
52 49 the same as a retail sale in accordance with the  
52 50 provisions of section 423.15, subsection 1.

53 1 3. This section does not affect the imposition or  
53 2 computation of sales or use tax on leases or rentals  
53 3 based on a lump sum or accelerated basis, or on the  
53 4 acquisition of property for lease.

53 5 Sec. \_\_\_\_\_. NEW SECTION. 423.18 MULTIPLE POINTS OF  
53 6 USE EXEMPTION FORMS.

53 7 A business purchaser that is not a holder of a  
53 8 direct pay tax permit pursuant to section 423.36 that  
53 9 knows at the time of its purchase of a digital good,  
53 10 computer software delivered electronically, or a  
53 11 service that the digital good, computer software  
53 12 delivered electronically, or service will be  
53 13 concurrently available for use in more than one  
53 14 jurisdiction shall deliver to the seller in  
53 15 conjunction with its purchase a "multiple points of  
53 16 use" or "MPU" exemption form disclosing this fact.

53 17 1. Upon receipt of the MPU exemption form, the  
53 18 seller is relieved of all obligation to collect, pay,  
53 19 or remit the applicable tax and the purchaser shall be  
53 20 obligated to collect, pay, or remit the applicable tax  
53 21 on a direct pay basis.

53 22 2. A purchaser delivering the MPU exemption form  
53 23 may use any reasonable, but consistent and uniform,  
53 24 method of apportionment that is supported by the  
53 25 purchaser's business records as they exist at the time  
53 26 of the consummation of the sale.

53 27 3. The MPU exemption form will remain in effect  
53 28 for all future sales by the seller to the purchaser  
53 29 except as to the subsequent sale's specific  
53 30 apportionment that is governed by the principle of  
53 31 subsection 2 and the facts existing at the time of the  
53 32 sale until it is revoked in writing.

53 33 4. A holder of a direct pay tax permit under  
53 34 section 423.36 shall not be required to deliver an MPU  
53 35 exemption form to the seller. A direct pay tax permit  
53 36 holder shall follow the provisions of subsection 2 in  
53 37 apportioning the tax due on a digital good, computer  
53 38 software delivered electronically, or service that  
53 39 will be concurrently available for use in more than  
53 40 one jurisdiction.

53 41 Sec. \_\_\_\_\_. NEW SECTION. 423.19 DIRECT MAIL  
53 42 SOURCING.

53 43 1. Notwithstanding section 423.15, a purchaser of  
53 44 direct mail that is not a holder of a direct pay tax  
53 45 permit pursuant to section 423.36 shall provide to the  
53 46 seller in conjunction with the purchase either a  
53 47 direct mail form or information to show the  
53 48 jurisdictions to which the direct mail is delivered to  
53 49 recipients.

53 50 a. Upon receipt of the direct mail form, the  
54 1 seller is relieved of all obligations to collect, pay,  
54 2 or remit the applicable tax and the purchaser is  
54 3 obligated to pay or remit the applicable tax on a  
54 4 direct pay basis. A direct mail form shall remain in  
54 5 effect for all future sales of direct mail by the  
54 6 seller to the purchaser until it is revoked in  
54 7 writing.

54 8 b. Upon receipt of information from the purchaser  
54 9 showing the jurisdictions to which the direct mail is  
54 10 delivered to recipients, the seller shall collect the  
54 11 tax according to the delivery information provided by  
54 12 the purchaser. In the absence of bad faith, the  
54 13 seller is relieved of any further obligation to  
54 14 collect tax on any transaction where the seller has  
54 15 collected tax pursuant to the delivery information  
54 16 provided by the purchaser.

54 17 2. If the purchaser of direct mail does not have a  
54 18 direct pay tax permit and does not provide the seller  
54 19 with either a direct mail form or delivery  
54 20 information, as required by subsection 1, the seller  
54 21 shall collect the tax according to section 423.15,  
54 22 subsection 1, paragraph "e". Nothing in this  
54 23 subsection shall limit a purchaser's obligation for  
54 24 sales or use tax to any state to which the direct mail  
54 25 is delivered.

54 26 3. If a purchaser of direct mail provides the  
54 27 seller with documentation of direct pay authority, the  
54 28 purchaser shall not be required to provide a direct  
54 29 mail form or delivery information to the seller.

54 30 Sec. \_\_\_\_\_. NEW SECTION. 423.20 TELECOMMUNICATIONS  
54 31 SERVICE SOURCING.

54 32 1. As used in this section:

54 33 a. "Air-to-ground radiotelephone service" means a  
54 34 radio service, as that term is used in 47 C.F.R. }  
54 35 22.99, in which common carriers are authorized to  
54 36 offer and provide radio telecommunications service for  
54 37 hire to subscribers in aircraft.

54 38 b. "Call-by-call basis" means any method of  
54 39 charging for the telecommunications service where the  
54 40 price is measured by individual calls.

54 41 c. "Communications channel" means a physical or  
54 42 virtual path of communications over which signals are  
54 43 transmitted between or among customer channel  
54 44 termination points.

54 45 d. "Customer" means the person or entity that  
54 46 contracts with the seller of the telecommunications  
54 47 service. If the end user of the telecommunications  
54 48 service is not the contracting party, the end user of  
54 49 the telecommunications service is the customer of the  
54 50 telecommunications service, but this sentence only  
55 1 applies for the purpose of sourcing sales of the  
55 2 telecommunications service under this section.

55 3 "Customer" does not include a reseller of a  
55 4 telecommunications service or for mobile  
55 5 telecommunications service of a serving carrier under  
55 6 an agreement to serve the customer outside the home  
55 7 service provider's licensed service area.

55 8 e. "Customer channel termination point" means the  
55 9 location where the customer either inputs or receives  
55 10 the communications.

55 11 f. "End user" means the person who utilizes the  
55 12 telecommunications service. In the case of an entity,  
55 13 "end user" means the individual who utilizes the  
55 14 service on behalf of the entity.

55 15 g. "Home service provider" means the same as that  
55 16 term is defined in the federal Mobile  
55 17 Telecommunications Sourcing Act, Pub. L. No. 106=252,  
55 18 4 U.S.C. } 124(5).

55 19 h. "Mobile telecommunications service" means the  
55 20 same as that term is defined in federal Mobile  
55 21 Telecommunications Sourcing Act, Pub. L. No. 106=252,  
55 22 4 U.S.C. } 124(7).

55 23 i. "Place of primary use" means the street address  
55 24 representative of where the customer's use of the  
55 25 telecommunications service primarily occurs, which  
55 26 must be the residential street address or the primary  
55 27 business street address of the customer. In the case  
55 28 of mobile telecommunications service, "place of  
55 29 primary use" must be within the licensed service area  
55 30 of the home service provider.

55 31 j. "Postpaid calling service" means the  
55 32 telecommunications service obtained by making a  
55 33 payment on a call-by-call basis either through the use  
55 34 of a credit card or payment mechanism such as a bank  
55 35 card, travel card, credit card, or debit card, or by  
55 36 charge made to a telephone number which is not  
55 37 associated with the origination or termination of the  
55 38 telecommunications service. A "postpaid calling  
55 39 service" includes a telecommunications service that  
55 40 would be a prepaid calling service except it is not  
55 41 exclusively a telecommunications service.

55 42 k. "Prepaid calling service" means the right to  
55 43 access exclusively telecommunications services, which  
55 44 must be paid for in advance and which enables the  
55 45 origination of calls using an access number or  
55 46 authorization code, whether manually or electronically  
55 47 dialed, and that is sold in predetermined units or

dollars of which the amount declines with use in a known amount.

1. "Private communication service" means a telecommunications service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels.

m. "Service address" means one of the following:

(1) The location of the telecommunications equipment to which a customer's call is charged and from which the call originates or terminates, regardless of where the call is billed or paid.

(2) If the location in subparagraph (1) is not known, "service address" means the origination point of the signal of the telecommunications service first identified by either the seller's telecommunications system or in information received by the seller from its service provider, where the system used to transport such signals is not that of the seller.

(3) If the locations in subparagraphs (1) and (2) are not known, the "service address" means the location of the customer's place of primary use.

2. Sales of telecommunications services shall be sourced in the following manner:

a. Except for the defined telecommunications services in paragraph "c", the sale of telecommunications services sold on a call-by-call basis shall be sourced to one of the following:

(1) Each level of taxing jurisdiction where the call originates and terminates in that jurisdiction.

(2) Each level of taxing jurisdiction where the call either originates or terminates and in which the service address is also located.

b. Except for the defined telecommunications services in paragraph "c", a sale of telecommunications services sold on a basis other than a call-by-call basis is sourced to the customer's place of primary use.

c. Sale of the following telecommunications services shall be sourced to each level of taxing jurisdiction as follows:

(1) A sale of mobile telecommunications services other than air-to-ground radiotelephone service or prepaid calling service is sourced to the customer's place of primary use as required by the federal Mobile Telecommunications Sourcing Act.

(2) A sale of postpaid calling service is sourced to the origination point of the telecommunications signal as first identified by either of the following:

(a) The seller's telecommunications system.

(b) Information received by the seller from its service provider, where the system used to transport such signals is not that of the seller.

(3) A sale of prepaid calling service is sourced in accordance with section 423.15. However, in the case of a sale of mobile telecommunications services that is a prepaid telecommunications service, the rule provided in section 423.15, subsection 1, paragraph "e", shall include as an option the location associated with the mobile telephone number.

(4) A sale of a private telecommunications service is sourced as follows:

(a) Service for a separate charge related to a customer channel termination point is sourced to each level of jurisdiction in which such customer channel termination point is located.

(b) Service where all customer termination points are located entirely within one jurisdiction or level of jurisdiction is sourced in such jurisdiction in which the customer channel termination points are located.

(c) Service for segments of a channel between two customer channel termination points located in different jurisdictions and which segments of a channel are separately charged is sourced fifty percent in each level of jurisdiction in which the customer channel termination points are located.

57 29 (d) Service for segments of a channel located in  
57 30 more than one jurisdiction or levels of jurisdiction  
57 31 and which segments are not separately billed is  
57 32 sourced in each jurisdiction based on the percentage  
57 33 determined by dividing the number of customer channel  
57 34 termination points in such jurisdiction by the total  
57 35 number of customer channel termination points.  
57 36 Sec. \_\_\_\_\_. NEW SECTION. 423.21 BAD DEBT  
57 37 DEDUCTIONS.  
57 38 1. For the purposes of this section, "bad debt"  
57 39 means an amount properly calculated pursuant to  
57 40 section 166 of the Internal Revenue Code then adjusted  
57 41 to exclude financing charges or interest, sales or use  
57 42 taxes charged on the purchase price, uncollectible  
57 43 amounts on property that remain in the possession of  
57 44 the seller until the full purchase price is paid,  
57 45 expenses incurred in attempting to collect any debt,  
57 46 and repossessed property.  
57 47 2. In computing the amount of tax due, a seller  
57 48 may deduct bad debts from the total amount upon which  
57 49 the tax is calculated for any return. Any deduction  
57 50 taken or refund paid which is attributed to bad debts  
58 1 shall not include interest.  
58 2 3. A seller may deduct bad debts on the return for  
58 3 the period during which the bad debt is written off as  
58 4 uncollectible in the seller's books and records and is  
58 5 eligible to be deducted for federal income tax  
58 6 purposes. For purposes of this subsection, a seller  
58 7 who is not required to file federal income tax returns  
58 8 may deduct a bad debt on a return filed for the period  
58 9 in which the bad debt is written off as uncollectible  
58 10 in the seller's books and records and would be  
58 11 eligible for a bad debt deduction for federal income  
58 12 tax purposes if the seller were required to file a  
58 13 federal income tax return.  
58 14 4. If a deduction is taken for a bad debt and the  
58 15 seller subsequently collects the debt in whole or in  
58 16 part, the tax on the amount so collected must be paid  
58 17 and reported on the return filed for the period in  
58 18 which the collection is made.  
58 19 5. A seller may obtain a refund of tax on any  
58 20 amount of bad debt that exceeds the amount of taxable  
58 21 sales within the period allowed for refund claims by  
58 22 section 423.47. However, the period allowed for  
58 23 refund claims shall be measured from the due date of  
58 24 the return on which the bad debt could first be  
58 25 claimed.  
58 26 6. For the purposes of computing a bad debt  
58 27 deduction or reporting a payment received on a  
58 28 previously claimed bad debt, any payments made on a  
58 29 debt or account shall be applied first to the price of  
58 30 the property or service and tax thereon,  
58 31 proportionally, and secondly to interest, service  
58 32 charges, and any other charges.  
58 33 Sec. \_\_\_\_\_. NEW SECTION. 423.22 TAXATION IN  
58 34 ANOTHER STATE.  
58 35 If any person who causes tangible personal property  
58 36 to be brought into this state or who uses in this  
58 37 state services enumerated in section 423.2 has already  
58 38 paid a tax in another state in respect to the sale or  
58 39 use of the property or the performance of the service,  
58 40 or an occupation tax in respect to the property or  
58 41 service, in an amount less than the tax imposed by  
58 42 subchapter II or III, the provisions of those  
58 43 subchapters shall apply, but at a rate measured by the  
58 44 difference only between the rate fixed by subchapter  
58 45 II or III and the rate by which the previous tax on  
58 46 the sale or use, or the occupation tax, was computed.  
58 47 If the tax imposed and paid in the other state is  
58 48 equal to or more than the tax imposed by those  
58 49 subchapters, then a tax is not due in this state on  
58 50 the personal property or service.  
59 1 Sec. \_\_\_\_\_. NEW SECTION. 423.23 SELLERS'  
59 2 AGREEMENTS.  
59 3 Agreements between competing sellers, or the  
59 4 adoption of appropriate rules and regulations by  
59 5 organizations or associations of sellers to provide  
59 6 uniform methods for adding sales or use tax or the  
59 7 average equivalent thereof, and which do not involve  
59 8 price-fixing agreements otherwise unlawful, are  
59 9 expressly authorized and shall be held not in

59 10 violation of chapter 553 or other antitrust laws of  
59 11 this state. The director shall cooperate with  
59 12 sellers, organizations, or associations in formulating  
59 13 agreements and rules.

59 14 Sec. \_\_\_\_\_. NEW SECTION. 423.24 ABSORBING TAX  
59 15 PROHIBITED.

59 16 A seller shall not advertise or hold out or state  
59 17 to the public or to any purchaser, consumer, or user,  
59 18 directly or indirectly, that the taxes or any parts  
59 19 thereof imposed by subchapter II or III will be  
59 20 assumed or absorbed by the seller or the taxes will  
59 21 not be added to the sales price of the property sold,  
59 22 or if added that the taxes or any part thereof will be  
59 23 refunded. Any person violating any of the provisions  
59 24 of this section within this state is guilty of a  
59 25 simple misdemeanor.

59 26 Sec. \_\_\_\_\_. NEW SECTION. 423.25 DIRECTOR'S POWER  
59 27 TO ADOPT RULES.

59 28 The director shall have the power to adopt rules  
59 29 for adding the taxes imposed by subchapters II and  
59 30 III, or the average equivalents thereof, by providing  
59 31 different methods applying uniformly to retailers  
59 32 within the same general classification for the purpose  
59 33 of enabling the retailers to add and collect, as far  
59 34 as practicable, the amounts of those taxes.

59 35 Sec. \_\_\_\_\_. NEW SECTION. 423.26 VEHICLES SUBJECT  
59 36 TO REGISTRATION OR ONLY TO THE ISSUANCE OF TITLE ==  
59 37 MANUFACTURED HOUSING.

59 38 The use tax imposed upon the use of vehicles  
59 39 subject to registration or subject only to the  
59 40 issuance of a certificate of title or imposed upon the  
59 41 use of manufactured housing shall be paid by the owner  
59 42 of the vehicle or of the manufactured housing to the  
59 43 county treasurer or the state department of  
59 44 transportation from whom the registration receipt or  
59 45 certificate of title is obtained. A registration  
59 46 receipt for a vehicle subject to registration or  
59 47 certificate of title shall not be issued until the tax  
59 48 has been paid. The county treasurer or the state  
59 49 department of transportation shall require every  
59 50 applicant for a registration receipt for a vehicle  
60 1 subject to registration or certificate of title to  
60 2 supply information as the county treasurer or the  
60 3 director deems necessary as to the time of purchase,  
60 4 the purchase price, installed purchase price, and  
60 5 other information relative to the purchase of the  
60 6 vehicle or manufactured housing. On or before the  
60 7 tenth day of each month, the county treasurer or the  
60 8 state department of transportation shall remit to the  
60 9 department the amount of the taxes collected during  
60 10 the preceding month.

60 11 A person who willfully makes a false statement in  
60 12 regard to the purchase price of a vehicle subject to  
60 13 taxation under this section is guilty of a fraudulent  
60 14 practice. A person who willfully makes a false  
60 15 statement in regard to the purchase price of such a  
60 16 vehicle with the intent to evade the payment of tax  
60 17 shall be assessed a penalty of seventy-five percent of  
60 18 the amount of tax unpaid and required to be paid on  
60 19 the actual purchase price less trade-in allowance.

60 20 Sec. \_\_\_\_\_. NEW SECTION. 423.27 MOTOR VEHICLE  
60 21 LEASE TAX.

60 22 1. The use tax imposed upon the use of leased  
60 23 vehicles subject to registration under chapter 321,  
60 24 with gross vehicle weight ratings of less than sixteen  
60 25 thousand pounds, excluding motorcycles and motorized  
60 26 bicycles, which are leased by a lessor licensed  
60 27 pursuant to chapter 321F for a period of twelve months  
60 28 or more shall be paid by the owner of the vehicle to  
60 29 the county treasurer or state department of  
60 30 transportation from whom the registration receipt or  
60 31 certificate of title is obtained. A registration  
60 32 receipt for a vehicle subject to registration or  
60 33 issuance of a certificate of title shall not be issued  
60 34 until the tax is paid in the initial instance. Tax on  
60 35 the lease transaction that does not require titling or  
60 36 registration of the vehicle shall be remitted to the  
60 37 department. Tax and the reporting of tax due to the  
60 38 department shall be remitted on or before fifteen days  
60 39 from the last day of the month that the vehicle lease  
60 40 tax becomes due. Failure to timely report or remit

any of the tax when due shall result in a penalty and interest being imposed on the tax due pursuant to section 423.40, subsection 1, and section 423.42, subsection 1.

2. The amount subject to tax shall be computed on each separate lease transaction by taking the total of the lease payments, plus the down payment, and excluding all of the following:

- a. Title fee.
- b. Registration fees.
- c. Vehicle lease tax pursuant to this section.
- d. Federal excise taxes attributable to the sale of the vehicle to the owner or to the lease of the vehicle by the owner.
- e. Optional service or warranty contracts subject to tax pursuant to section 423.2, subsection 1.
- f. Insurance.
- g. Manufacturer's rebate.
- h. Refundable deposit.
- i. Finance charges, if any, on items listed in paragraphs "a" through "h".

If any or all of the items in paragraphs "a" through "i" are excluded from the taxable lease price, the owner shall maintain adequate records of the amounts of those items. If the parties to a lease enter into an agreement providing that the tax imposed under this statute is to be paid by the lessee or included in the monthly lease payments to be paid by the lessee, the total cost of the tax shall not be included in the computation of lease price for the purpose of taxation under this section. The county treasurer, the state department of transportation, or the department of revenue and finance shall require every applicant for a registration receipt for a vehicle subject to tax under this section to supply information as the county treasurer or director deems necessary as to the date of the lease transaction, the lease price, and other information relative to the lease of the vehicle.

3. On or before the tenth day of each month, the county treasurer or the state department of transportation shall remit to the department the amount of the taxes collected during the preceding month.

4. If the lease is terminated prior to the termination date contained in the lease agreement, no refund shall be allowed for tax previously paid under this section, except as provided in section 322G.4.

Sec. \_\_\_\_\_. NEW SECTION. 423.28 SALES TAX REPORT == DEDUCTION.

Motor vehicle or trailer dealers, in making their reports and returns to the department for the purpose of paying the sales tax, shall be permitted to deduct all sales prices from retail sales of vehicles subject to registration or subject only to the issuance of a certificate of title. Sales prices from sales of vehicles subject to registration or subject only to the issuance of a certificate of title are exempted from the sales tax, but, if required by the director, the sales prices shall be included in the returns made by motor vehicle or trailer dealers under subchapter II, and proper deductions taken pursuant to this section.

Sec. \_\_\_\_\_. NEW SECTION. 423.29 COLLECTIONS BY SELLERS.

Every seller who is a retailer and who is making taxable sales of tangible personal property in Iowa shall, at the time of selling the property, collect the sales tax. Every seller who is a retailer maintaining a place of business in this state and selling tangible personal property for use in Iowa shall, at the time of making the sale, whether within or without the state, collect the use tax. Sellers required to collect sales or use tax shall give to any purchaser a receipt for the tax collected in the manner and form prescribed by the director.

Every seller who is a retailer furnishing taxable services in Iowa and every seller who is a retailer maintaining a place of business in this state and furnishing taxable services in Iowa or services outside Iowa if the product or result of the service

62 22 is used in Iowa shall be subject to the provisions of  
62 23 the preceding paragraph.

62 24 Sec. \_\_\_\_\_. NEW SECTION. 423.30 FOREIGN SELLERS  
62 25 NOT REGISTERED UNDER THE AGREEMENT.

62 26 The director may, upon application, authorize the  
62 27 collection of the use tax by any seller who is a  
62 28 retailer not maintaining a place of business within  
62 29 this state and not registered under the agreement,  
62 30 who, to the satisfaction of the director, furnishes  
62 31 adequate security to ensure collection and payment of  
62 32 the tax. Such sellers shall be issued, without  
62 33 charge, permits to collect tax subject to any  
62 34 regulations which the director shall prescribe. When  
62 35 so authorized, it shall be the duty of foreign sellers  
62 36 to collect the tax upon all tangible personal property  
62 37 sold, to the retailer's knowledge, for use within this  
62 38 state, in the same manner and subject to the same  
62 39 requirements as a retailer maintaining a place of  
62 40 business within this state. The authority and permit  
62 41 may be canceled when, at any time, the director  
62 42 considers the security inadequate, or that tax can  
62 43 more effectively be collected from the person using  
62 44 property in this state.

62 45 The discretionary power granted in this section is  
62 46 extended to apply in the case of foreign retailers  
62 47 furnishing services enumerated in section 423.2.

62 48 Sec. \_\_\_\_\_. NEW SECTION. 423.31 FILING OF SALES  
62 49 TAX RETURNS AND PAYMENT OF SALES TAX.

62 50 1. Each person subject to this section and section  
63 1 423.36 and in accordance with the provisions of this  
63 2 section and section 423.36 shall, on or before the  
63 3 last day of the month following the close of each  
63 4 calendar quarter during which such person is or has  
63 5 become or ceased being subject to the provisions of  
63 6 this section and section 423.36, make, sign, and file  
63 7 a return for the calendar quarter in the form as may  
63 8 be required. Returns shall show information relating  
63 9 to sales prices including goods, wares, and services  
63 10 converted to the use of such person, the amounts of  
63 11 sales prices excluded and exempt from the tax, the  
63 12 amounts of sales prices subject to tax, a calculation  
63 13 of tax due, and any other information for the period  
63 14 covered by the return as may be required. Returns  
63 15 shall be signed by the retailer or the retailer's  
63 16 authorized agent and must be certified by the retailer  
63 17 to be correct in accordance with forms and rules  
63 18 prescribed by the director.

63 19 2. Persons required to file, or committed to file  
63 20 by reason of voluntary action or by order of the  
63 21 department, deposits of taxes due under this  
63 22 subchapter shall be entitled to take credit against  
63 23 the total quarterly amount of tax due such amount as  
63 24 shall have been deposited by such persons during that  
63 25 calendar quarter. The balance remaining due after  
63 26 such credit for deposits shall be entered on the  
63 27 return. However, such person may be granted an  
63 28 extension of time not exceeding thirty days for filing  
63 29 the quarterly return, upon a proper showing of  
63 30 necessity. If an extension is granted, such person  
63 31 shall have paid by the twentieth day of the month  
63 32 following the close of such quarter ninety percent of  
63 33 the estimated tax due.

63 34 3. The sales tax forms prescribed by the director  
63 35 shall be referred to as "retailers tax deposit".  
63 36 Deposit forms shall be signed by the retailer or the  
63 37 retailer's duly authorized agent, and shall be duly  
63 38 certified by the retailer or agent to be correct. The  
63 39 director may authorize incorporated banks and trust  
63 40 companies or other depositories authorized by law  
63 41 which are depositories or financial agents of the  
63 42 United States, or of this state, to receive any sales  
63 43 tax imposed under this chapter, in the manner, at the  
63 44 times, and under the conditions the director  
63 45 prescribes. The director shall prescribe the manner,  
63 46 times, and conditions under which the receipt of the  
63 47 tax by those depositories is to be treated as payment  
63 48 of the tax to the department.

63 49 4. Every retailer at the time of making any return  
63 50 required by this section shall compute and pay to the  
64 1 department the tax due for the preceding period. The  
64 2 tax on sales prices from the sale or rental of

64 3 tangible personal property under a consumer rental  
64 4 purchase agreement as defined in section 537.3604,  
64 5 subsection 8, is payable in the tax period of receipt.  
64 6 5. Upon making application and receiving approval  
64 7 from the director, a parent corporation and its  
64 8 affiliated corporations that make retail sales of  
64 9 tangible personal property or taxable enumerated  
64 10 services may make deposits and file a consolidated  
64 11 sales tax return for the affiliated group, pursuant to  
64 12 rules adopted by the director. A parent corporation  
64 13 and each affiliate corporation that files a  
64 14 consolidated return are jointly and severally liable  
64 15 for all tax, penalty, and interest found due for the  
64 16 tax period for which a consolidated return is filed or  
64 17 required to be filed.

64 18 A business required to file a consolidated sales  
64 19 tax return shall file a form entitled "schedule of  
64 20 consolidated business locations" with its quarterly  
64 21 sales tax return that shows the taxpayer's  
64 22 consolidated permit number, the permit number for each  
64 23 Iowa business location, the state sales tax amount by  
64 24 business location, and the amount of state sales tax  
64 25 due on goods consumed that are not assigned to a  
64 26 specific business location. Consolidated quarterly  
64 27 sales tax returns that are not accompanied by the  
64 28 schedule of consolidated business locations form are  
64 29 considered incomplete and are subject to penalty under  
64 30 section 421.27.

64 31 6. If necessary or advisable in order to insure  
64 32 the payment of the tax, the director may require  
64 33 returns and payment of the tax to be made for other  
64 34 than quarterly periods, the provisions of this  
64 35 section, or other provision to the contrary  
64 36 notwithstanding.

64 37 Sec. 423.32. NEW SECTION. 423.32 FILING OF USE TAX  
64 38 RETURNS AND PAYMENT OF USE TAX.

64 39 1. A retailer maintaining a place of business in  
64 40 this state who is required to collect or a user who is  
64 41 required to pay the use tax or a foreign retailer  
64 42 authorized, pursuant to section 423.30, to collect the  
64 43 use tax, shall remit to the department the amount of  
64 44 tax on or before the last day of the month following  
64 45 each calendar quarterly period. However, a retailer  
64 46 who collects or owes more than fifteen hundred dollars  
64 47 in use taxes in a month shall deposit with the  
64 48 department or in a depository authorized by law and  
64 49 designated by the director, the amount collected or  
64 50 owed, with a deposit form for the month as prescribed

65 1 by the director.  
65 2 a. The deposit form is due on or before the  
65 3 twentieth day of the month following the month of  
65 4 collection, except a deposit is not required for the  
65 5 third month of the calendar quarter, and the total  
65 6 quarterly amount, less the amounts deposited for the  
65 7 first two months of the quarter, is due with the  
65 8 quarterly report on the last day of the month  
65 9 following the month of collection. At that time, the  
65 10 retailer shall file with the department a return for  
65 11 the preceding quarterly period in the form prescribed  
65 12 by the director showing the purchase price of the  
65 13 tangible personal property sold by the retailer during  
65 14 the preceding quarterly period, the use of which is  
65 15 subject to the use tax imposed by this chapter, and  
65 16 other information the director deems necessary for the  
65 17 proper administration of the use tax.

65 18 b. The return shall be accompanied by a remittance  
65 19 of the use tax for the period covered by the return.  
65 20 If necessary in order to ensure payment to the state  
65 21 of the tax, the director may in any or all cases  
65 22 require returns and payments to be made for other than  
65 23 quarterly periods. The director, upon request and a  
65 24 proper showing of necessity, may grant an extension of  
65 25 time not to exceed thirty days for making any return  
65 26 and payment. Returns shall be signed, in accordance  
65 27 with forms and rules prescribed by the director, by  
65 28 the retailer or the retailer's authorized agent, and  
65 29 shall be certified by the retailer or agent to be  
65 30 correct.

65 31 2. If it is reasonably expected, as determined by  
65 32 rules prescribed by the director, that a retailer's  
65 33 annual sales or use tax liability will not exceed one



65 34 hundred twenty dollars for a calendar year, the  
65 35 retailer may request and the director may grant  
65 36 permission to the retailer, in lieu of the quarterly  
65 37 filing and remitting requirements set out elsewhere in  
65 38 this section, to file the return required by and remit  
65 39 the sales or use tax due under this section on a  
65 40 calendar-year basis. The return and tax are due and  
65 41 payable no later than January 31 following each  
65 42 calendar year in which the retailer carries on  
65 43 business.

65 44 3. The director, in cooperation with the  
65 45 department of management, may periodically change the  
65 46 filing and remittance thresholds by administrative  
65 47 rule if in the best interests of the state and  
65 48 taxpayer to do so.

65 49 Sec. \_\_\_\_\_. NEW SECTION. 423.33 LIABILITY OF  
65 50 PERSONS OTHER THAN RETAILERS FOR PAYMENT OF SALES OR  
66 1 USE TAX.

66 2 1. LIABILITY OF PURCHASER FOR SALES TAX. If a  
66 3 purchaser fails to pay sales tax to the retailer  
66 4 required to collect the tax, then in addition to all  
66 5 of the rights, obligations, and remedies provided, the  
66 6 tax is payable by the purchaser directly to the  
66 7 department, and sections 423.31, 423.32, 423.37,  
66 8 423.38, 423.39, 423.40, 423.41, and 423.42 apply to  
66 9 the purchaser. For failure to pay, the retailer and  
66 10 purchaser are liable, unless the circumstances  
66 11 described in section 421.60, subsection 2, paragraph  
66 12 "m", or section 423.45, subsection 4, paragraph "b" or  
66 13 "e", or subsection 5, paragraph "c" or "e", are  
66 14 applicable.

66 15 2. IMMEDIATE SUCCESSOR LIABILITY FOR SALES OR USE  
66 16 TAX. If a retailer sells the retailer's business or  
66 17 stock of goods or quits the business, the retailer  
66 18 shall prepare a final return and pay all sales or use  
66 19 tax due within the time required by law. The  
66 20 immediate successor to the retailer, if any, shall  
66 21 withhold a sufficient portion of the purchase price,  
66 22 in money or money's worth, to pay the amount of  
66 23 delinquent tax, interest, or penalty due and unpaid.  
66 24 If the immediate successor of the business or stock of  
66 25 goods intentionally fails to withhold the amount due  
66 26 from the purchase price as provided in this  
66 27 subsection, the immediate successor is personally  
66 28 liable for the payment of delinquent taxes, interest,  
66 29 and penalty accrued and unpaid on account of the  
66 30 operation of the business by the immediate former  
66 31 retailer, except when the purchase is made in good  
66 32 faith as provided in section 421.28. However, a  
66 33 person foreclosing on a valid security interest or  
66 34 retaking possession of premises under a valid lease is  
66 35 not an "immediate successor" for purposes of this  
66 36 section. The department may waive the liability of  
66 37 the immediate successor under this subsection if the  
66 38 immediate successor exercised good faith in  
66 39 establishing the amount of the previous liability.

66 40 3. EVENT SPONSOR'S LIABILITY FOR SALES TAX. A  
66 41 person sponsoring a flea market or a craft, antique,  
66 42 coin, or stamp show or similar event shall obtain from  
66 43 every retailer selling tangible personal property or  
66 44 taxable services at the event proof that the retailer  
66 45 possesses a valid sales tax permit or secure from the  
66 46 retailer a statement, taken in good faith, that  
66 47 property or services offered for sale are not subject  
66 48 to sales tax. Failure to do so renders a sponsor of  
66 49 the event liable for payment of any sales tax,  
66 50 interest, and penalty due and owing from any retailer  
67 1 selling property or services at the event. Sections  
67 2 423.31, 423.32, 423.37, 423.38, 423.39, 423.40,  
67 3 423.41, and 423.42 apply to the sponsors. For  
67 4 purposes of this subsection, a person sponsoring a  
67 5 flea market or a craft, antique, coin, or stamp show  
67 6 or similar event does not include an organization  
67 7 which sponsors an event less than three times a year  
67 8 or a state, county, or district agricultural fair.

67 9 Sec. \_\_\_\_\_. NEW SECTION. 423.34 LIABILITY OF USER.

67 10 Any person who uses any property or services  
67 11 enumerated in section 423.2 upon which the use tax has  
67 12 not been paid, either to the county treasurer or to a  
67 13 retailer or direct to the department as required by  
67 14 this subchapter, shall be liable for the payment of

67 15 tax, and shall on or before the last day of the month  
67 16 next succeeding each quarterly period pay the use tax  
67 17 upon all property or services used by the person  
67 18 during the preceding quarterly period in the manner  
67 19 and accompanied by such returns as the director shall  
67 20 prescribe. All of the provisions of sections 423.32  
67 21 and 423.33 with reference to the returns and payments  
67 22 shall be applicable to the returns and payments  
67 23 required by this section.

67 24 Sec. \_\_\_\_\_. NEW SECTION. 423.35 POSTING OF BOND TO  
67 25 SECURE PAYMENT.

67 26 The director may, when necessary and advisable in  
67 27 order to secure the collection of the sales or use  
67 28 tax, authorize any person subject to either tax, and  
67 29 any retailer required or authorized to collect those  
67 30 taxes pursuant to the provisions of section 423.14, to  
67 31 file with the department a bond, issued by a surety  
67 32 company authorized to transact business in this state  
67 33 and approved by the insurance commissioner as to  
67 34 solvency and responsibility, in an amount as the  
67 35 director may fix, to secure the payment of any tax,  
67 36 interest, or penalties due or which may become due  
67 37 from such person. In lieu of a bond, securities  
67 38 approved by the director, in an amount which the  
67 39 director may prescribe, may be deposited with the  
67 40 department, which securities shall be kept in the  
67 41 custody of the department and may be sold by the  
67 42 director at public or private sale, without notice to  
67 43 the depositor, if it becomes necessary to do so in  
67 44 order to recover any tax, interest, or penalties due.  
67 45 Upon the sale, the surplus, if any, above the amounts  
67 46 due under this chapter shall be returned to the person  
67 47 who deposited the securities.

67 48 Sec. \_\_\_\_\_. NEW SECTION. 423.36 PERMITS REQUIRED  
67 49 TO COLLECT SALES OR USE TAX == APPLICATIONS ==  
67 50 REVOCATION.

68 1 1. A person shall not engage in or transact  
68 2 business as a retailer making taxable sales of  
68 3 tangible personal property or furnishing services  
68 4 within this state or as a retailer making taxable  
68 5 sales of tangible personal property or furnishing  
68 6 services for use within this state, unless a permit  
68 7 has been issued to the retailer under this section,  
68 8 except as provided in subsection 6. Every person  
68 9 desiring to engage in or transact business as a  
68 10 retailer shall file with the department an application  
68 11 for a permit to collect sales or use tax. Every  
68 12 application for a sales or use tax permit shall be  
68 13 made upon a form prescribed by the director and shall  
68 14 set forth any information the director may require.  
68 15 The application shall be signed by an owner of the  
68 16 business if a natural person; in the case of a  
68 17 retailer which is an association or partnership, by a  
68 18 member or partner; and in the case of a retailer which  
68 19 is a corporation, by an executive officer or some  
68 20 person specifically authorized by the corporation to  
68 21 sign the application, to which shall be attached the  
68 22 written evidence of the person's authority.

68 23 2. To collect sales or use tax, the applicant must  
68 24 have a permit for each place of business in the state  
68 25 of Iowa. The department may deny a permit to an  
68 26 applicant who is substantially delinquent in paying a  
68 27 tax due, or the interest or penalty on the tax,  
68 28 administered by the department at the time of  
68 29 application. If the applicant is a partnership, a  
68 30 permit may be denied if a partner is substantially  
68 31 delinquent in paying any delinquent tax, penalty, or  
68 32 interest. If the applicant is a corporation, a permit  
68 33 may be denied if any officer having a substantial  
68 34 legal or equitable interest in the ownership of the  
68 35 corporation owes any delinquent tax, penalty, or  
68 36 interest.

68 37 3. The department shall grant and issue to each  
68 38 applicant a permit for each place of business in this  
68 39 state where sales or use tax is collected. A permit  
68 40 is not assignable and is valid only for the person in  
68 41 whose name it is issued and for the transaction of  
68 42 business at the place designated or at a place of  
68 43 relocation within the state if the ownership remains  
68 44 the same.

68 45 If an applicant is making sales outside Iowa for

68 46 use in this state or furnishing services outside Iowa,  
68 47 the product or result of which will be used in this  
68 48 state, that applicant shall be issued one use tax  
68 49 permit by the department applicable to these out-of=  
68 50 state sales or services.

69 1 4. Permits issued under this section are valid and  
69 2 effective until revoked by the department.

69 3 5. If the holder of a permit fails to comply with  
69 4 any of the provisions of this subchapter or of  
69 5 subchapter II or III or any order or rule of the  
69 6 department adopted under those subchapters or is  
69 7 substantially delinquent in the payment of a tax  
69 8 administered by the department or the interest or  
69 9 penalty on the tax, or if the person is a corporation  
69 10 and if any officer having a substantial legal or  
69 11 equitable interest in the ownership of the corporation  
69 12 owes any delinquent tax of the permit=holding  
69 13 corporation, or interest or penalty on the tax,  
69 14 administered by the department, the director may  
69 15 revoke the permit. The director shall send notice by  
69 16 mail to a permit holder informing that person of the  
69 17 director's intent to revoke the permit and of the  
69 18 permit holder's right to a hearing on the matter. If  
69 19 the permit holder petitions the director for a hearing  
69 20 on the proposed revocation, after giving ten days'  
69 21 notice of the time and place of the hearing in  
69 22 accordance with section 17A.18, subsection 3, the  
69 23 matter may be heard and a decision rendered. The  
69 24 director may restore permits after revocation. The  
69 25 director shall adopt rules setting forth the period of  
69 26 time a retailer must wait before a permit may be  
69 27 restored or a new permit may be issued. The waiting  
69 28 period shall not exceed ninety days from the date of  
69 29 the revocation of the permit.

69 30 6. Sellers who are not regularly engaged in  
69 31 selling at retail and do not have a permanent place of  
69 32 business, but who are temporarily engaged in selling  
69 33 from trucks, portable roadside stands, concessionaires  
69 34 at state, county, district, or local fairs, carnivals,  
69 35 or the like, shall report and remit the sales tax on a  
69 36 temporary basis, under rules the director shall  
69 37 provide for the efficient collection of the sales tax.  
69 38 This subsection applies to sellers who are temporarily  
69 39 engaged in furnishing services.

69 40 Persons engaged in selling tangible personal  
69 41 property or furnishing services shall not be required  
69 42 to obtain or retain a sales tax permit for a place of  
69 43 business at which taxable sales of tangible personal  
69 44 property or taxable performance of services will not  
69 45 occur.

69 46 7. The provisions of subsection 1, dealing with  
69 47 the lawful right of a retailer to transact business,  
69 48 as applicable, apply to persons having receipts from  
69 49 furnishing services enumerated in section 423.2,  
69 50 except that a person holding a permit pursuant to  
70 1 subsection 1 shall not be required to obtain any  
70 2 separate sales tax permit for the purpose of engaging  
70 3 in business involving the services.

70 4 8. a. Except as provided in paragraph "b",  
70 5 purchasers, users, and consumers of tangible personal  
70 6 property or enumerated services taxed pursuant to  
70 7 subchapter II or III of this chapter or chapters 423B  
70 8 and 423E may be authorized, pursuant to rules adopted  
70 9 by the director, to remit tax owed directly to the  
70 10 department instead of the tax being collected and paid  
70 11 by the seller. To qualify for a direct pay tax  
70 12 permit, the purchaser, user, or consumer must accrue a  
70 13 tax liability of more than four thousand dollars in  
70 14 tax under subchapters II and III in a semimonthly  
70 15 period and make deposits and file returns pursuant to  
70 16 section 423.31. This authority shall not be granted  
70 17 or exercised except upon application to the director  
70 18 and then only after issuance by the director of a  
70 19 direct pay tax permit.

70 20 b. The granting of a direct pay tax permit is not  
70 21 authorized for any of the following:

70 22 (1) Taxes imposed on the sales, furnishing, or  
70 23 service of gas, electricity, water, heat, pay  
70 24 television service, and communication service.

70 25 (2) Taxes imposed under sections 423.26 and 423.27  
70 26 and chapter 423C.

70 27 Sec. \_\_\_\_\_. NEW SECTION. 423.37 FAILURE TO FILE  
70 28 SALES OR USE TAX RETURNS == INCORRECT RETURNS.  
70 29 1. As soon as practicable after a return is filed  
70 30 and in any event within three years after the return  
70 31 is filed, the department shall examine it, assess and  
70 32 determine the tax due if the return is found to be  
70 33 incorrect, and give notice to the person liable for  
70 34 the tax of the assessment and determination as  
70 35 provided in subsection 2. The period for the  
70 36 examination and determination of the correct amount of  
70 37 tax is unlimited in the case of a false or fraudulent  
70 38 return made with the intent to evade tax or in the  
70 39 case of a failure to file a return.  
70 40 2. If a return required by this subchapter is not  
70 41 filed, or if a return when filed is incorrect or  
70 42 insufficient and the maker fails to file a corrected  
70 43 or sufficient return within twenty days after the same  
70 44 is required by notice from the department, the  
70 45 department shall determine the amount of tax due from  
70 46 information as the department may be able to obtain  
70 47 and, if necessary, may estimate the tax on the basis  
70 48 of external indices, such as number of employees of  
70 49 the person concerned, rentals paid by the person,  
70 50 stock on hand, or other factors. The department shall  
71 1 give notice of the determination to the person liable  
71 2 for the tax. The determination shall fix the tax  
71 3 unless the person against whom it is assessed shall,  
71 4 within sixty days after the giving of notice of the  
71 5 determination, apply to the director for a hearing or  
71 6 unless the taxpayer contests the determination by  
71 7 paying the tax, interest, and penalty and timely  
71 8 filing a claim for refund. At the hearing evidence  
71 9 may be offered to support the determination or to  
71 10 prove that it is incorrect. After the hearing the  
71 11 director shall give notice of the decision to the  
71 12 person liable for the tax.  
71 13 3. The three-year period of limitation provided in  
71 14 subsection 1 may be extended by a taxpayer by signing  
71 15 a waiver agreement form to be provided by the  
71 16 department. The agreement shall stipulate the period  
71 17 of extension and the tax period to which the extension  
71 18 applies. The agreement shall also provide that a  
71 19 claim for refund may be filed by the taxpayer at any  
71 20 time during the period of extension.  
71 21 Sec. \_\_\_\_\_. NEW SECTION. 423.38 JUDICIAL REVIEW.  
71 22 1. Judicial review of actions of the director may  
71 23 be sought in accordance with the terms of the Iowa  
71 24 administrative procedure Act.  
71 25 2. For cause and upon a showing by the director  
71 26 that collection of the tax in dispute is in doubt, the  
71 27 court may order the petitioner to file with the clerk  
71 28 a bond for the use of the respondent, with sureties  
71 29 approved by the clerk, in the amount of tax appealed  
71 30 from, conditioned that the petitioner shall perform  
71 31 the orders of the court.  
71 32 3. An appeal may be taken by the taxpayer or the  
71 33 director to the supreme court of this state  
71 34 irrespective of the amount involved.  
71 35 Sec. \_\_\_\_\_. NEW SECTION. 423.39 SERVICE OF  
71 36 NOTICES.  
71 37 1. A notice authorized or required under this  
71 38 subchapter may be given by mailing the notice to the  
71 39 person for whom it is intended, addressed to that  
71 40 person at the address given in the last return filed  
71 41 by the person pursuant to this subchapter, or if no  
71 42 return has been filed, then to any address obtainable.  
71 43 The mailing of the notice is presumptive evidence of  
71 44 the receipt of the notice by the person to whom  
71 45 addressed. Any period of time which is determined  
71 46 according to this subchapter by the giving of notice  
71 47 commences to run from the date of mailing of the  
71 48 notice.  
71 49 2. The provisions of the Code relative to the  
71 50 limitation of time for the enforcement of a civil  
72 1 remedy shall not apply to any proceeding or action  
72 2 taken to levy, appraise, assess, determine, or enforce  
72 3 the collection of any tax or penalty provided by this  
72 4 chapter.  
72 5 Sec. \_\_\_\_\_. NEW SECTION. 423.40 PENALTIES ==  
72 6 OFFENSES == LIMITATION.  
72 7 1. In addition to the sales or use tax or

72 8 additional sales or use tax, the taxpayer shall pay a  
72 9 penalty as provided in section 421.27. The taxpayer  
72 10 shall also pay interest on the sales or use tax or  
72 11 additional sales or use tax at the rate in effect  
72 12 under section 421.7 for each month counting each  
72 13 fraction of a month as an entire month, computed from  
72 14 the date the semimonthly or monthly tax deposit form  
72 15 or return was required to be filed. The penalty and  
72 16 interest shall be paid to the department and disposed  
72 17 of in the same manner as other receipts under this  
72 18 subchapter. Unpaid penalties and interest may be  
72 19 enforced in the same manner as the taxes imposed by  
72 20 this chapter.

72 21 2. a. Any person who knowingly sells tangible  
72 22 personal property, tickets or admissions to places of  
72 23 amusement and athletic events, or gas, water,  
72 24 electricity, or communication service at retail, or  
72 25 engages in the furnishing of services enumerated in  
72 26 section 423.2, in this state without procuring a  
72 27 permit to collect tax, as provided in section 423.36,  
72 28 or who violates section 423.24 and the officers of any  
72 29 corporation who so act are guilty of a serious  
72 30 misdemeanor.

72 31 b. A person who knowingly sells tangible personal  
72 32 property, tickets or admissions to places of amusement  
72 33 and athletic events, or gas, water, electricity, or  
72 34 communication service at retail, or engages in the  
72 35 furnishing of services enumerated in section 423.2, in  
72 36 this state after the person's sales tax permit has  
72 37 been revoked and before it has been restored as  
72 38 provided in section 423.36, subsection 5, and the  
72 39 officers of any corporation who so act are guilty of  
72 40 an aggravated misdemeanor.

72 41 3. A person who willfully attempts in any manner  
72 42 to evade any tax imposed by this chapter or the  
72 43 payment of the tax or a person who makes or causes to  
72 44 be made a false or fraudulent semimonthly or monthly  
72 45 tax deposit form or return with intent to evade any  
72 46 tax imposed by subchapter II or III or the payment of  
72 47 the tax is guilty of a class "D" felony.

72 48 4. The certificate of the director to the effect  
72 49 that a tax has not been paid, that a return has not  
72 50 been filed, or that information has not been supplied  
73 1 pursuant to the provisions of this subchapter shall be  
73 2 prima facie evidence thereof.

73 3 5. A person required to pay sales or use tax, or  
73 4 to make, sign, or file a tax deposit form or return or  
73 5 supplemental return, who willfully makes a false or  
73 6 fraudulent tax deposit form or return, or willfully  
73 7 fails to pay at least ninety percent of the tax or  
73 8 willfully fails to make, sign, or file the tax deposit  
73 9 form or return, at the time required by law, is guilty  
73 10 of a fraudulent practice.

73 11 6. A prosecution for an offense specified in this  
73 12 section shall be commenced within six years after its  
73 13 commission.

73 14 Sec. \_\_\_\_\_. NEW SECTION. 423.41 BOOKS ==  
73 15 EXAMINATION.

73 16 Every retailer required or authorized to collect  
73 17 taxes imposed by this chapter and every person using  
73 18 in this state tangible personal property, services, or  
73 19 the product of services shall keep records, receipts,  
73 20 invoices, and other pertinent papers as the director  
73 21 shall require, in the form that the director shall  
73 22 require, for as long as the director has the authority  
73 23 to examine and determine tax due. The director or any  
73 24 duly authorized agent of the department may examine  
73 25 the books, papers, records, and equipment of any  
73 26 person either selling tangible personal property or  
73 27 services or liable for the tax imposed by this  
73 28 chapter, and investigate the character of the business  
73 29 of any person in order to verify the accuracy of any  
73 30 return made, or if a return was not made by the  
73 31 person, ascertain and determine the amount due under  
73 32 this chapter. These books, papers, and records shall  
73 33 be made available within this state for examination  
73 34 upon reasonable notice when the director deems it  
73 35 advisable and so orders. The preceding requirements  
73 36 shall likewise apply to users and persons furnishing  
73 37 services enumerated in section 423.2.

73 38 Sec. \_\_\_\_\_. NEW SECTION. 423.42 STATUTES

73 39 APPLICABLE.

73 40 1. The director shall administer the taxes imposed  
73 41 by subchapters II and III in the same manner and  
73 42 subject to all the provisions of, and all of the  
73 43 powers, duties, authority, and restrictions contained  
73 44 in, section 422.25, subsection 4, section 422.30, and  
73 45 sections 422.67 through 422.75.

73 46 2. All the provisions of section 422.26 shall  
73 47 apply in respect to the taxes and penalties imposed by  
73 48 subchapters II and III and this subchapter, except  
73 49 that, as applied to any tax imposed by subchapters II  
73 50 and III, the lien provided in section 422.26 shall be  
74 1 prior and paramount over all subsequent liens upon any  
74 2 personal property within this state, or right to such  
74 3 personal property, belonging to the taxpayer without  
74 4 the necessity of recording as provided in section  
74 5 422.26. The requirements for recording shall, as  
74 6 applied to the taxes imposed by subchapters II and  
74 7 III, apply only to the liens upon real property. When  
74 8 requested to do so by any person from whom a taxpayer  
74 9 is seeking credit, or with whom the taxpayer is  
74 10 negotiating the sale of any personal property, or by  
74 11 any other person having a legitimate interest in such  
74 12 information, the director shall, upon being satisfied  
74 13 that such a situation exists, inform that person as to  
74 14 the amount of unpaid taxes due by such taxpayer under  
74 15 the provisions of subchapters II and III. The giving  
74 16 of this information under these circumstances shall  
74 17 not be deemed a violation of section 422.72 as applied  
74 18 to subchapters II and III.

74 19 Sec. \_\_\_\_\_. NEW SECTION. 423.43 DEPOSIT OF REVENUE  
74 20 == APPROPRIATIONS.

74 21 Except as otherwise provided in section 312.2,  
74 22 subsection 15, all revenues derived from the use tax  
74 23 on motor vehicles, trailers, and motor vehicle  
74 24 accessories and equipment as collected pursuant to  
74 25 sections 423.26 and 423.27 shall be deposited and  
74 26 credited to the road use tax fund and shall be used  
74 27 exclusively for the construction, maintenance, and  
74 28 supervision of public highways.

74 29 1. Notwithstanding any provision of this section  
74 30 which provides that all revenues derived from the use  
74 31 tax on motor vehicles, trailers, and motor vehicle  
74 32 accessories and equipment as collected pursuant to  
74 33 sections 423.26 and 423.27 shall be deposited and  
74 34 credited to the road use tax fund, eighty percent of  
74 35 the revenues shall be deposited and credited as  
74 36 follows:

74 37 a. Twenty-five percent of all such revenue, up to  
74 38 a maximum of four million two hundred fifty thousand  
74 39 dollars per quarter, shall be deposited into and  
74 40 credited to the Iowa comprehensive petroleum  
74 41 underground storage tank fund created in section  
74 42 455G.3, and the moneys so deposited are a continuing  
74 43 appropriation for expenditure under chapter 455G, and  
74 44 moneys so appropriated shall not be used for other  
74 45 purposes.

74 46 b. Any such revenues remaining shall be credited  
74 47 to the road use tax fund.

74 48 2. Notwithstanding any other provision of this  
74 49 section that provides that all revenue derived from  
74 50 the use tax on motor vehicles, trailers, and motor  
75 1 vehicle accessories and equipment as collected  
75 2 pursuant to section 423.26 shall be deposited and  
75 3 credited to the road use tax fund, twenty percent of  
75 4 the revenues shall be credited and deposited as  
75 5 follows: one-half to the road use tax fund and one=  
75 6 half to the primary road fund to be used for the  
75 7 commercial and industrial highway network.

75 8 3. For the fiscal year beginning July 1, 2004, and  
75 9 each subsequent fiscal year, revenues arising under  
75 10 the operation of this chapter which are derived from  
75 11 the tax imposed on remote sales shall be deposited  
75 12 into the remote sales tax fund created in section  
75 13 423.60 in an amount equal to the excess of the  
75 14 revenues derived from the tax imposed on remote sales  
75 15 during the fiscal year over the revenues derived from  
75 16 the tax imposed on remote sales during the fiscal year  
75 17 beginning July 1, 2003.

75 18 4. All other revenue arising under the operation  
75 19 of this chapter shall be credited to the general fund

75 20 of the state.

75 21 Sec. \_\_\_\_\_. NEW SECTION. 423.44 REIMBURSEMENT FOR  
75 22 PRIMARY ROAD FUND.

75 23 From moneys deposited into the road use tax fund,  
75 24 the department may credit to the primary road fund any  
75 25 amount of revenues derived from the use tax on motor  
75 26 vehicles, trailers, and motor vehicle accessories and  
75 27 equipment as collected pursuant to sections 423.26 and  
75 28 423.27 to the extent necessary to reimburse that fund  
75 29 for the expenditures not otherwise eligible to be made  
75 30 from the primary road fund, which are made for  
75 31 repairing, improving, and maintaining bridges over the  
75 32 rivers bordering the state. Expenditures for those  
75 33 portions of bridges within adjacent states may be  
75 34 included when they are made pursuant to an agreement  
75 35 entered into under section 313.63, 313A.34, or 314.10.

75 36 Sec. \_\_\_\_\_. NEW SECTION. 423.45 REFUNDS ==  
75 37 EXEMPTION CERTIFICATES.

75 38 1. If an amount of tax represented by a retailer  
75 39 to a consumer or user as constituting tax due is  
75 40 computed upon a sales price that is not taxable or the  
75 41 amount represented is in excess of the actual taxable  
75 42 amount and the amount represented is actually paid by  
75 43 the consumer or user to the retailer, the excess  
75 44 amount of tax paid shall be returned to the consumer  
75 45 or user upon notification to the retailer by the  
75 46 department that an excess payment exists.

75 47 2. If an amount of tax represented by a retailer  
75 48 to a consumer or user as constituting tax due is  
75 49 computed upon a sales price that is not taxable or the  
75 50 amount represented is in excess of the actual taxable  
76 1 amount and the amount represented is actually paid by  
76 2 the consumer or user to the retailer, the excess  
76 3 amount of tax paid shall be returned to the consumer  
76 4 or user upon proper notification to the retailer by  
76 5 the consumer or user that an excess payment exists.  
76 6 "Proper" notification is written notification which  
76 7 allows a retailer at least sixty days to respond and  
76 8 which contains enough information to allow a retailer  
76 9 to determine the validity of a consumer's or user's  
76 10 claim that an excess amount of tax has been paid. No  
76 11 cause of action shall accrue against a retailer for  
76 12 excess tax paid until sixty days after proper notice  
76 13 has been given the retailer by the consumer or user.

76 14 3. In the circumstances described in subsections 1  
76 15 and 2, a retailer has the option to either return any  
76 16 excess amount of tax paid to a consumer or user, or to  
76 17 remit the amount which a consumer or user has paid to  
76 18 the retailer to the department.

76 19 4. a. The department shall issue or the seller  
76 20 may separately provide exemption certificates in the  
76 21 form prescribed by the director, including  
76 22 certificates not made of paper, which conform to the  
76 23 requirements of paragraph "c", to assist retailers in  
76 24 properly accounting for nontaxable sales of tangible  
76 25 personal property or services to purchasers for a  
76 26 nontaxable purpose. The department shall also allow  
76 27 the use of exemption certificates for those  
76 28 circumstances in which a sale is taxable but the  
76 29 seller is not obligated to collect tax from the buyer.

76 30 b. The sales tax liability for all sales of  
76 31 tangible personal property and all sales of services  
76 32 is upon the seller and the purchaser unless the seller  
76 33 takes in good faith from the purchaser a valid  
76 34 exemption certificate stating under penalty of perjury  
76 35 that the purchase is for a nontaxable purpose and is  
76 36 not a retail sale as defined in section 423.1, or the  
76 37 seller is not obligated to collect tax due, or unless  
76 38 the seller takes a fuel exemption certificate pursuant  
76 39 to subsection 5. If the tangible personal property or  
76 40 services are purchased tax free pursuant to a valid  
76 41 exemption certificate which is taken in good faith by  
76 42 the seller, and the tangible personal property or  
76 43 services are used or disposed of by the purchaser in a  
76 44 nonexempt manner, the purchaser is solely liable for  
76 45 the taxes and shall remit the taxes directly to the  
76 46 department and sections 423.31, 423.32, 423.37,  
76 47 423.38, 423.39, 423.40, 423.41, and 423.42 shall apply  
76 48 to the purchaser.

76 49 c. A valid exemption certificate is an exemption  
76 50 certificate which is complete and correct according to

77 1 the requirements of the director.

77 2 d. A valid exemption certificate is taken in good  
77 3 faith by the seller when the seller has exercised that  
77 4 caution and diligence which honest persons of ordinary  
77 5 prudence would exercise in handling their own business  
77 6 affairs, and includes an honesty of intention and  
77 7 freedom from knowledge of circumstances which ought to  
77 8 put one upon inquiry as to the facts. In order for a  
77 9 seller to take a valid exemption certificate in good  
77 10 faith, the seller must exercise reasonable prudence to  
77 11 determine the facts supporting the valid exemption  
77 12 certificate, and if any facts upon such certificate  
77 13 would lead a reasonable person to further inquiry,  
77 14 such inquiry must be made with an honest intent to  
77 15 discover the facts.

77 16 e. If the circumstances change and as a result the  
77 17 tangible personal property or services are used or  
77 18 disposed of by the purchaser in a nonexempt manner or  
77 19 the purchaser becomes obligated to pay the tax, the  
77 20 purchaser is liable solely for the taxes and shall  
77 21 remit the taxes directly to the department in  
77 22 accordance with this subsection.

77 23 5. a. The department shall issue or the seller  
77 24 may separately provide fuel exemption certificates in  
77 25 the form prescribed by the director.

77 26 b. For purposes of this subsection:

77 27 (1) "Fuel" includes gas, electricity, water, heat,  
77 28 steam, and any other tangible personal property  
77 29 consumed in creating heat, power, or steam.

77 30 (2) "Fuel consumed in processing" means fuel used  
77 31 or consumed for processing including grain drying, for  
77 32 providing heat or cooling for livestock buildings or  
77 33 for greenhouses or buildings or parts of buildings  
77 34 dedicated to the production of flowering, ornamental,  
77 35 or vegetable plants intended for sale in the ordinary  
77 36 course of business, for use in aquaculture production,  
77 37 or for generating electric current, or in implements  
77 38 of husbandry engaged in agricultural production.

77 39 (3) "Fuel exemption certificate" means an  
77 40 exemption certificate given by the purchaser under  
77 41 penalty of perjury to assist retailers in properly  
77 42 accounting for nontaxable sales of fuel consumed in  
77 43 processing.

77 44 (4) "Substantial change" means a change in the use  
77 45 or disposition of tangible personal property and  
77 46 services by the purchaser such that the purchaser pays  
77 47 less than ninety percent of the purchaser's actual  
77 48 sales tax liability. A change includes a misstatement  
77 49 of facts in an application made pursuant to paragraph  
77 50 "d" or in a fuel exemption certificate.

78 1 c. The seller may accept a completed fuel  
78 2 exemption certificate, as prepared by the purchaser,  
78 3 for three years unless the purchaser files a new  
78 4 completed exemption certificate. If the fuel is  
78 5 purchased tax free pursuant to a fuel exemption  
78 6 certificate which is taken by the seller, and the fuel  
78 7 is used or disposed of by the purchaser in a nonexempt  
78 8 manner, the purchaser is solely liable for the taxes,  
78 9 and shall remit the taxes directly to the department  
78 10 and sections 423.31, 423.32, 423.37, 423.38, 423.39,  
78 11 423.40, 423.41, and 423.42 shall apply to the  
78 12 purchaser.

78 13 d. The purchaser may apply to the department for  
78 14 its review of the fuel exemption certificate. In this  
78 15 event, the department shall review the fuel exemption  
78 16 certificate within twelve months from the date of  
78 17 application and determine the correct amount of the  
78 18 exemption. If the amount determined by the department  
78 19 is different than the amount that the purchaser claims  
78 20 is exempt, the department shall promptly notify the  
78 21 purchaser of the determination. Failure of the  
78 22 department to make a determination within twelve  
78 23 months from the date of application shall constitute a  
78 24 determination that the fuel exemption certificate is  
78 25 correct as submitted. A determination of exemption by  
78 26 the department is final unless the purchaser appeals  
78 27 to the director for a revision of the determination  
78 28 within sixty days after the date of the notice of  
78 29 determination. The director shall grant a hearing,  
78 30 and upon the hearing, the director shall determine the  
78 31 correct exemption and notify the purchaser of the



78 32 decision by mail. The decision of the director is  
78 33 final unless the purchaser seeks judicial review of  
78 34 the director's decision under section 423.38 within  
78 35 sixty days after the date of the notice of the  
78 36 director's decision. Unless there is a substantial  
78 37 change, the department shall not impose penalties  
78 38 pursuant to section 423.40 both retroactively to  
78 39 purchases made after the date of application and  
78 40 prospectively until the department gives notice to the  
78 41 purchaser that a tax or additional tax is due, for  
78 42 failure to remit any tax due which is in excess of a  
78 43 determination made under this section. A  
78 44 determination made by the department pursuant to this  
78 45 subsection does not constitute an audit for purposes  
78 46 of section 423.37.

78 47 e. If the circumstances change and the fuel is  
78 48 used or disposed of by the purchaser in a nonexempt  
78 49 manner, the purchaser is solely liable for the taxes  
78 50 and shall remit the taxes directly to the department  
79 1 in accordance with paragraph "c".

79 2 f. The purchaser shall attach documentation to the  
79 3 fuel exemption certificate which is reasonably  
79 4 necessary to support the exemption for fuel consumed  
79 5 in processing. If the purchaser files a new exemption  
79 6 certificate with the seller, documentation shall not  
79 7 be required if the purchaser previously furnished the  
79 8 seller with this documentation and substantial change  
79 9 has not occurred since that documentation was  
79 10 furnished or if fuel consumed in processing is  
79 11 separately metered and billed by the seller.

79 12 6. Nothing in this section authorizes any cause of  
79 13 action by any person to recover sales or use taxes  
79 14 directly from the state or extends any person's time  
79 15 to seek a refund of sales or use taxes which have been  
79 16 collected and remitted to the state.

79 17 Sec. \_\_\_\_\_. NEW SECTION. 423.46 RATE AND BASE  
79 18 CHANGES.

79 19 The department shall make a reasonable effort to  
79 20 provide sellers with as much advance notice as  
79 21 practicable of a rate change and to notify sellers of  
79 22 legislative changes in the tax base and amendments to  
79 23 sales and use tax rules. Failure of a seller to  
79 24 receive notice or failure of this state to provide  
79 25 notice or limit the effective date of a rate change  
79 26 shall not relieve the seller of its obligation to  
79 27 collect sales or use taxes for this state.

79 28 Sec. \_\_\_\_\_. NEW SECTION. 423.47 REFUNDS AND  
79 29 CREDITS.

79 30 If it shall appear that, as a result of mistake, an  
79 31 amount of tax, penalty, or interest has been paid  
79 32 which was not due under the provisions of this  
79 33 chapter, such amount shall be credited against any tax  
79 34 due, or to become due, on the books of the department  
79 35 from the person who made the erroneous payment, or  
79 36 such amount shall be refunded to such person by the  
79 37 department. A claim for refund or credit that has not  
79 38 been filed with the department within three years  
79 39 after the tax payment for which a refund or credit is  
79 40 claimed became due, or one year after such tax payment  
79 41 was made, whichever time is the later, shall not be  
79 42 allowed by the director.

79 43 SUBCHAPTER VI  
79 44 SALES AND USE TAX ACT == ADMINISTRATION OF  
79 45 RETAILERS REGISTERED VOLUNTARILY UNDER THE  
79 46 AGREEMENT

79 47 Sec. \_\_\_\_\_. NEW SECTION. 423.48 RESPONSIBILITIES  
79 48 AND RIGHTS OF SELLERS REGISTERED UNDER THE AGREEMENT.

79 49 1. By registering under the agreement, the seller  
79 50 agrees to collect and remit sales and use taxes for  
80 1 all its taxable Iowa sales. Iowa's withdrawal from  
80 2 the agreement or revocation of its membership in the  
80 3 agreement shall not relieve a seller from its  
80 4 responsibility to remit taxes previously collected on  
80 5 behalf of this state.

80 6 2. The following provisions apply to any seller  
80 7 who registers under the agreement:

80 8 a. The seller may register on-line.

80 9 b. Registration under the agreement and the  
80 10 collection of Iowa sales and use taxes shall not be  
80 11 used as factors in determining whether the seller has  
80 12 nexus with Iowa for any tax.

80 13 c. If registered under the agreement with any  
80 14 other member state, the seller is considered to be  
80 15 registered in Iowa.  
80 16 d. The seller is not required to pay registration  
80 17 fees or other charges.  
80 18 e. A written signature from the seller is not  
80 19 required.  
80 20 f. The seller may register by way of an agent.  
80 21 The agent's appointment shall be in writing and  
80 22 submitted to the department if requested by the  
80 23 department.  
80 24 g. The seller may cancel its registration at any  
80 25 time under procedures adopted by the governing board  
80 26 established pursuant to the agreement. Cancellation  
80 27 does not relieve the seller of its liability for  
80 28 remitting any Iowa taxes collected.  
80 29 3. The following additional responsibilities and  
80 30 rights apply to model sellers:  
80 31 a. A model 1 seller's obligation to calculate,  
80 32 collect, and remit sales and use taxes shall be  
80 33 performed by its certified service provider, except  
80 34 for the seller's obligation to remit tax on its own  
80 35 purchases. As the seller's agent, the certified  
80 36 service provider is liable for its model 1 seller's  
80 37 sales and use tax due Iowa on all sales transactions  
80 38 it processes for the seller except as set out in this  
80 39 section. A seller that contracts with a certified  
80 40 service provider is not liable to the state for sales  
80 41 or use tax due on transactions processed by the  
80 42 certified service provider unless the seller  
80 43 misrepresents the types of items or services it sells  
80 44 or commits fraud. In the absence of probable cause to  
80 45 believe that the seller has committed fraud or made a  
80 46 material misrepresentation, the seller is not subject  
80 47 to audit on the transactions processed by the  
80 48 certified service provider. A model 1 seller is  
80 49 subject to audit for transactions not processed by the  
80 50 certified service provider. The director is  
81 1 authorized to perform a system check of the model 1  
81 2 seller and review the seller's procedures to determine  
81 3 if the certified service provider's system is  
81 4 functioning properly and the extent to which the  
81 5 seller's transactions are being processed by the  
81 6 certified service provider.  
81 7 b. A model 2 seller shall calculate the amount of  
81 8 tax due on a transaction by the use of a certified  
81 9 automated system, but shall collect and remit tax on  
81 10 its own sales. A person that provides a certified  
81 11 automated system is responsible for the proper  
81 12 functioning of that system and is liable to this state  
81 13 for underpayments of tax attributable to errors in the  
81 14 functioning of the certified automated system. A  
81 15 seller that uses a certified automated system remains  
81 16 responsible and is liable to the state for reporting  
81 17 and remitting tax.  
81 18 c. A model 3 seller shall use its own proprietary  
81 19 automated system to calculate tax due and collect and  
81 20 remit tax on its own sales. A model 3 seller is  
81 21 liable for the failure of its proprietary automated  
81 22 system to meet the applicable performance standard.  
81 23 Sec. \_\_\_\_\_. NEW SECTION. 423.49 RETURNS.  
81 24 1. All model 1, 2, or 3 sellers are subject to all  
81 25 of the following return requirements:  
81 26 a. The seller is required to file only one return  
81 27 per month for this state and for all taxing  
81 28 jurisdictions within this state.  
81 29 b. The date for filing returns shall be determined  
81 30 under rules adopted by the director. However, in no  
81 31 case shall the return be due earlier than the  
81 32 twentieth day of the following month.  
81 33 c. The director shall request additional  
81 34 information returns. These returns shall not be  
81 35 required more frequently than every six months.  
81 36 2. Any registered seller which does not have a  
81 37 legal obligation to register in this state and is not  
81 38 a model 1, 2, or 3 seller is subject to all of the  
81 39 following return requirements:  
81 40 a. The seller is required to file a return within  
81 41 one year of the month of initial registration and  
81 42 shall file a return on an annual basis in succeeding  
81 43 years.

81 44 b. In addition to the return required in paragraph  
81 45 "a", if the seller accumulates more than one thousand  
81 46 dollars in total state and local tax, the seller is  
81 47 required to file a return in the following month.

81 48 c. The format of the return and the due date of  
81 49 the initial return and the annual return shall be  
81 50 determined under rules adopted by the department.

82 1 Sec. \_\_\_\_\_. NEW SECTION. 423.50 REMITTANCE OF  
82 2 FUNDS.

82 3 1. Only one remittance of tax per return is  
82 4 required except as provided in this subsection.  
82 5 Sellers that collect more than thirty thousand dollars  
82 6 in sales and use taxes for this state during the  
82 7 preceding calendar year shall be required to make  
82 8 additional remittances as required under rules adopted  
82 9 by the director. The filing of a return is not  
82 10 required with an additional remittance.

82 11 2. All remittances shall be remitted  
82 12 electronically.

82 13 3. Electronic payments may be made either by  
82 14 automated clearinghouse credit or automated  
82 15 clearinghouse debit. Any data accompanying a  
82 16 remittance must be formatted using uniform tax type  
82 17 and payment codes approved by the governing board  
82 18 established pursuant to the agreement. An alternative  
82 19 method for making same-day payments shall be  
82 20 determined under rules adopted by the director.

82 21 4. If a due date falls on a legal banking holiday  
82 22 in this state, the taxes are due on the succeeding  
82 23 business day.

82 24 Sec. \_\_\_\_\_. NEW SECTION. 423.51 ADMINISTRATION OF  
82 25 EXEMPTIONS.

82 26 1. The following provisions shall apply when a  
82 27 purchaser claims an exemption:

82 28 a. The seller shall obtain identifying information  
82 29 of the purchaser and the reason for claiming a tax  
82 30 exemption at the time of the purchase as determined by  
82 31 the member states acting jointly.

82 32 b. A purchaser is not required to provide a  
82 33 signature to claim an exemption from tax unless a  
82 34 paper certificate is used.

82 35 c. The seller shall use the standard form for  
82 36 claiming an exemption electronically as adopted  
82 37 jointly by the member states.

82 38 d. The seller shall obtain the same information  
82 39 for proof of a claimed exemption regardless of the  
82 40 medium in which the transaction occurred.

82 41 e. The department may authorize a system wherein  
82 42 the purchaser exempt from the payment of the tax is  
82 43 issued an identification number which shall be  
82 44 presented to the seller at the time of the sale.

82 45 f. The seller shall maintain proper records of  
82 46 exempt transactions and provide them to the department  
82 47 when requested.

82 48 g. The department shall administer entity-based  
82 49 and use-based exemptions when practicable through a  
82 50 direct pay tax permit, an exemption certificate, or  
83 1 another means that does not burden sellers. For the  
83 2 purposes of this paragraph:

83 3 (1) An "entity-based exemption" is an exemption  
83 4 based on who purchases the product or who sells the  
83 5 product.

83 6 (2) A "use-based exemption" is an exemption based  
83 7 on the purchaser's use of the product.

83 8 2. Sellers that follow the requirements of this  
83 9 section are relieved from any tax otherwise applicable  
83 10 if it is determined that the purchaser improperly  
83 11 claimed an exemption and that the purchaser is liable  
83 12 for the nonpayment of tax. This relief from liability  
83 13 does not apply to a seller who fraudulently fails to  
83 14 collect the tax or solicits purchasers to participate  
83 15 in the unlawful claim of an exemption.

83 16 Sec. \_\_\_\_\_. NEW SECTION. 423.52 RELIEF FROM  
83 17 LIABILITY FOR SELLERS AND CERTIFIED SERVICE PROVIDERS.

83 18 Sellers and certified service providers are  
83 19 relieved from liability to this state or its local  
83 20 taxing jurisdictions for having charged and collected  
83 21 the incorrect amount of sales or use tax resulting  
83 22 from the seller or certified service provider relying  
83 23 on erroneous data provided by this state on tax rates,  
83 24 boundaries, or taxing jurisdiction assignments. If

83 25 this state provides an address-based system for  
83 26 assigning taxing jurisdictions whether or not pursuant  
83 27 to the federal Mobile Telecommunications Sourcing Act,  
83 28 the director is not required to provide liability  
83 29 relief for errors resulting from reliance on the  
83 30 information provided by this state.  
83 31 Sec. \_\_\_\_\_. NEW SECTION. 423.53 BAD DEBTS AND  
83 32 MODEL 1 SELLERS.  
83 33 A certified service provider may claim, on behalf  
83 34 of a model 1 seller, any bad debt deduction as  
83 35 provided in section 423.21. The certified service  
83 36 provider must credit or refund the full amount of any  
83 37 bad debt deduction or refund received to the seller.  
83 38 Sec. \_\_\_\_\_. NEW SECTION. 423.54 AMNESTY FOR  
83 39 REGISTERED SELLERS.  
83 40 1. Subject to the limitations in subsections 2  
83 41 through 6, the following provisions apply:  
83 42 a. Amnesty is provided for uncollected or unpaid  
83 43 sales or use tax to a seller who registers to pay or  
83 44 to collect and remit applicable sales or use tax on  
83 45 sales made to purchasers in this state in accordance  
83 46 with the terms of the agreement, provided the seller  
83 47 was not so registered in this state in the twelve=  
83 48 month period preceding the commencement of Iowa's  
83 49 participation in the agreement.  
83 50 b. Amnesty precludes assessment of the seller for  
84 1 uncollected or unpaid sales or use tax together with  
84 2 penalty or interest for sales made during the period  
84 3 the seller was not registered in this state, provided  
84 4 registration occurs within twelve months of the  
84 5 commencement of Iowa's participation in the agreement.  
84 6 c. Amnesty shall be provided to any seller  
84 7 lawfully registered under the agreement by any other  
84 8 member state prior to the date of the commencement of  
84 9 Iowa's participation in the agreement.  
84 10 2. Amnesty is not available to a seller with  
84 11 respect to any matter or matters for which the seller  
84 12 received notice of the commencement of an audit and  
84 13 which audit is not yet finally resolved, including any  
84 14 related administrative and judicial processes.  
84 15 3. Amnesty is not available for sales or use taxes  
84 16 already paid or remitted or to taxes collected by the  
84 17 seller.  
84 18 4. Amnesty is fully effective absent the seller's  
84 19 fraud or intentional misrepresentation of a material  
84 20 fact as long as the seller continues registration and  
84 21 continues payment or collection and remittance of  
84 22 applicable sales or use taxes for a period of at least  
84 23 thirty=six months. The statute of limitations  
84 24 applicable to asserting a tax liability is tolled  
84 25 during this thirty=six month period.  
84 26 5. Amnesty is applicable only to sales or use  
84 27 taxes due from a seller in its capacity as a seller  
84 28 and not to sales or use taxes due from a seller in its  
84 29 capacity as a buyer.  
84 30 6. The director may allow amnesty on terms and  
84 31 conditions more favorable to a seller than the terms  
84 32 required by this section.  
84 33 Sec. \_\_\_\_\_. NEW SECTION. 423.55 DATABASES.  
84 34 The department shall provide and maintain databases  
84 35 required by the agreement for the benefit of sellers  
84 36 registered under the agreement.  
84 37 Sec. \_\_\_\_\_. NEW SECTION. 423.56 CONFIDENTIALITY  
84 38 AND PRIVACY PROTECTIONS UNDER MODEL 1.  
84 39 1. As used in this section:  
84 40 a. "Anonymous data" means information that does  
84 41 not identify a person.  
84 42 b. "Confidential taxpayer information" means all  
84 43 information that is protected under this state's laws,  
84 44 rules, and privileges.  
84 45 c. "Personally identifiable information" means  
84 46 information that identifies a person.  
84 47 2. With very limited exceptions, a certified  
84 48 service provider shall perform its tax calculation,  
84 49 remittance, and reporting functions without retaining  
84 50 the personally identifiable information of consumers.  
85 1 3. A certified service provider may perform its  
85 2 services in this state only if the certified service  
85 3 provider certifies that:  
85 4 a. Its system has been designed and tested to  
85 5 ensure that the fundamental precept of anonymity is

85 6 respected.

85 7 b. Personally identifiable information is only  
85 8 used and retained to the extent necessary for the  
85 9 administration of model 1 sellers with respect to  
85 10 exempt purchasers.

85 11 c. It provides consumers clear and conspicuous  
85 12 notice of its information practices, including what  
85 13 information it collects, how it collects the  
85 14 information, how it uses the information, how long, if  
85 15 at all, it retains the information, and whether it  
85 16 discloses the information to member states. This  
85 17 notice shall be satisfied by a written privacy policy  
85 18 statement accessible by the public on the official web  
85 19 site of the certified service provider.

85 20 d. Its collection, use, and retention of  
85 21 personally identifiable information is limited to that  
85 22 required by the member states to ensure the validity  
85 23 of exemptions from taxation that are claimed by reason  
85 24 of a consumer's status or the intended use of the  
85 25 goods or services purchased.

85 26 e. It provides adequate technical, physical, and  
85 27 administrative safeguards so as to protect personally  
85 28 identifiable information from unauthorized access and  
85 29 disclosure.

85 30 4. The department shall provide public  
85 31 notification of its practices relating to the  
85 32 collection, use, and retention of personally  
85 33 identifiable information.

85 34 5. When any personally identifiable information  
85 35 that has been collected and retained by the department  
85 36 or certified service provider is no longer required  
85 37 for the purposes set forth in subsection 3, paragraph  
85 38 "d", that information shall no longer be retained by  
85 39 the department or certified service provider.

85 40 6. When personally identifiable information  
85 41 regarding an individual is retained by or on behalf of  
85 42 this state, this state shall provide reasonable access  
85 43 by such individual to his or her own information in  
85 44 the state's possession and a right to correct any  
85 45 inaccurately recorded information.

85 46 7. This privacy policy is subject to enforcement  
85 47 by the department and the attorney general.

85 48 8. This state's laws and rules regarding the  
85 49 collection, use, and maintenance of confidential  
85 50 taxpayer information remain fully applicable and  
86 1 binding. Without limitation, the agreement does not  
86 2 enlarge or limit the state's or department's authority  
86 3 to:

86 4 a. Conduct audits or other review as provided  
86 5 under the agreement and state law.

86 6 b. Provide records pursuant to its examination of  
86 7 public records law, disclosure laws of individual  
86 8 governmental agencies, or other regulations.

86 9 c. Prevent, consistent with state law, disclosures  
86 10 of confidential taxpayer information.

86 11 d. Prevent, consistent with federal law,  
86 12 disclosures or misuse of federal return information  
86 13 obtained under a disclosure agreement with the  
86 14 internal revenue service.

86 15 e. Collect, disclose, disseminate, or otherwise  
86 16 use anonymous data for governmental purposes.

86 17 9. This privacy policy does not preclude the  
86 18 certification of a certified service provider whose  
86 19 privacy policy is more protective of confidential  
86 20 taxpayer information or personally identifiable  
86 21 information than is required by the agreement.

86 22 Sec. \_\_\_\_\_. NEW SECTION. 423.57 STATUTES  
86 23 APPLICABLE.

86 24 The director shall administer this subchapter as it  
86 25 relates to the taxes imposed in this chapter in the  
86 26 same manner and subject to all the provisions of, and  
86 27 all of the powers, duties, authority, and restrictions  
86 28 contained in sections 423.14, 423.15, 423.16, 423.17,  
86 29 423.18, 423.19, 423.20, 423.21, 423.22, 423.23,  
86 30 423.24, 423.25, 423.28, 423.29, 423.31, 423.32,  
86 31 423.33, 423.34, 423.35, 423.37, 423.38, 423.39,  
86 32 423.40, 423.41, and 423.42, section 423.43, subsection  
86 33 3, and sections 423.45, 423.46, and 423.47.

86 34 Sec. \_\_\_\_\_. NEW SECTION. 423.60 REMOTE SALES TAX  
86 35 FUND == APPROPRIATIONS.

86 36 1. A remote sales tax fund is created as a

86 37 separate fund in the state treasury under the control  
86 38 of the department of revenue and finance consisting of  
86 39 the state sales and use tax revenues collected from  
86 40 remote sales and deposited as provided in section  
86 41 423.43, subsection 3.  
86 42 2. There is appropriated from the remote sales tax  
86 43 fund for the fiscal year beginning July 1, 2005, and  
86 44 each succeeding fiscal year to the general fund of the  
86 45 state the following:  
86 46 a. The first sixty million dollars deposited into  
86 47 the fund during each fiscal year.  
86 48 b. An amount to offset the projected loss during  
86 49 the fiscal year to the general fund of the state  
86 50 resulting from a state tax relief Act enacted during  
87 1 the period beginning four and one-half years prior to  
87 2 the start of the fiscal year. However, any state tax  
87 3 relief Act enacted prior to July 1, 2004, shall not be  
87 4 covered under this subsection.  
87 5 3. For purposes of subsection 2, "state tax relief  
87 6 Act" means an Act that was projected by the  
87 7 legislative fiscal bureau to result in a loss in  
87 8 revenue to the general fund of the state of at least  
87 9 five million dollars in the first full fiscal year  
87 10 during which the Act is effective and that contains  
87 11 any of the following:  
87 12 a. A state sales or use tax exemption.  
87 13 b. A deduction for any state tax.  
87 14 c. A reduction in any state tax rate.  
87 15 Sec. \_\_\_\_.  
87 16 1. Sections 422.42 through 422.59, Code 2003, are repealed.  
87 17 2. Chapter 423, Code 2003, is repealed.  
87 18 COORDINATING AMENDMENTS  
87 19 Sec. \_\_\_\_ Section 15.331A, Code 2003, is amended  
87 20 to read as follows:  
87 21 15.331A SALES, SERVICES, AND USE TAX REFUND ==  
87 22 CONTRACTOR OR SUBCONTRACTOR.  
87 23 The eligible business or a supporting business  
87 24 shall be entitled to a refund of the sales and use  
87 25 taxes paid under ~~chapters 422 and chapter~~ 423 for gas,  
87 26 electricity, water, or sewer utility services, goods,  
87 27 wares, or merchandise, or on services rendered,  
87 28 furnished, or performed to or for a contractor or  
87 29 subcontractor and used in the fulfillment of a written  
87 30 contract relating to the construction or equipping of  
87 31 a facility within the economic development area of the  
87 32 eligible business or a supporting business. Taxes  
87 33 attributable to intangible property and furniture and  
87 34 furnishings shall not be refunded.  
87 35 To receive the refund a claim shall be filed by the  
87 36 eligible business or a supporting business with the  
87 37 department of revenue and finance as follows:  
87 38 1. The contractor or subcontractor shall state  
87 39 under oath, on forms provided by the department, the  
87 40 amount of the sales of goods, wares, or merchandise or  
87 41 services rendered, furnished, or performed including  
87 42 water, sewer, gas, and electric utility services for  
87 43 use in the economic development area upon which sales  
87 44 or use tax has been paid prior to the project  
87 45 completion, and shall file the forms with the eligible  
87 46 business or supporting business before final  
87 47 settlement is made.  
87 48 2. The eligible business or a supporting business  
87 49 shall, not more than one year after project  
87 50 completion, make application to the department for any  
88 1 refund of the amount of the sales and use taxes paid  
88 2 pursuant to chapter ~~422 or~~ 423 upon any goods, wares,  
88 3 or merchandise, or services rendered, furnished, or  
88 4 performed, including water, sewer, gas, and electric  
88 5 utility services. The application shall be made in  
88 6 the manner and upon forms to be provided by the  
88 7 department, and the department shall audit the claim  
88 8 and, if approved, issue a warrant to the eligible  
88 9 business or supporting business in the amount of the  
88 10 sales or use tax which has been paid to the state of  
88 11 Iowa under a contract. A claim filed by the eligible  
88 12 business or a supporting business in accordance with  
88 13 this section shall not be denied by reason of a  
88 14 limitation provision set forth in chapter 421, ~~422~~, or  
88 15 423.  
88 16 3. A contractor or subcontractor who willfully  
88 17 makes a false report of tax paid under the provisions

88 18 of this section is guilty of a simple misdemeanor and  
88 19 in addition is liable for the payment of the tax and  
88 20 any applicable penalty and interest.

88 21 Sec. \_\_\_\_\_. Section 15.334A, Code 2003, is amended  
88 22 to read as follows:

88 23 15.334A SALES AND USE TAX EXEMPTION.

88 24 An eligible business may claim an exemption from  
88 25 sales and use taxation under section ~~422.45~~ 423.3,  
88 26 subsection ~~27~~ 46, for property which is exempt from  
88 27 taxation under section 15.334, notwithstanding the  
88 28 requirements of section ~~422.45~~ 423.3, subsection ~~27~~  
88 29 46, or any other provision of the Code to the  
88 30 contrary.

88 31 Sec. \_\_\_\_\_. Section 15A.9, subsections 5, 6, and 7,  
88 32 Code 2003, are amended to read as follows:

88 33 5. PROPERTY TAX EXEMPTION.

88 34 a. All property, as defined in section 427A.1,  
88 35 subsection 1, paragraphs "e" and "j", Code 1993, used  
88 36 by the primary business or a supporting business and  
88 37 located within the zone, shall be exempt from property  
88 38 taxation for a period of twenty years beginning with  
88 39 the year it is first assessed for taxation. In order  
88 40 to be eligible for this exemption, the property shall  
88 41 be acquired or leased by the primary business or a  
88 42 supporting business or relocated by the primary  
88 43 business or a supporting business to the zone from  
88 44 outside the state prior to project completion.

88 45 b. Property which is exempt for property tax  
88 46 purposes under this subsection is eligible for the  
88 47 sales and use tax exemption under section ~~422.45~~  
88 48 423.3, subsection ~~27~~ 46, notwithstanding that  
88 49 subsection or any other provision of the Code to the  
88 50 contrary.

89 1 6. SALES, SERVICES, AND USE TAX REFUND. Taxes  
89 2 paid pursuant to chapter ~~422~~ or 423 on the ~~gross~~  
89 3 ~~receipts~~ sales price or rental price of property  
89 4 purchased or rented by the primary business or a  
89 5 supporting business for use by the primary business or  
89 6 a supporting business within the zone or on gas,  
89 7 electricity, water, and sewer utility services prior  
89 8 to project completion shall be refunded to the primary  
89 9 business or supporting business if the item was  
89 10 purchased or the service was performed or received  
89 11 prior to project completion. Claims under this  
89 12 section shall be submitted on forms provided by the  
89 13 department of revenue and finance not later than six  
89 14 months after project completion. The refund in this  
89 15 subsection shall not apply to furniture or  
89 16 furnishings, or intangible property.

89 17 7. SALES, SERVICES, AND USE TAX REFUND ==  
89 18 CONTRACTOR OR SUBCONTRACTOR. The primary business or  
89 19 a supporting business shall be entitled to a refund of  
89 20 the sales and use taxes paid under ~~chapters 422 and~~  
89 21 ~~chapter~~ 423 for gas, electricity, water, or sewer  
89 22 utility services, goods, wares, or merchandise, or on  
89 23 services rendered, furnished, or performed to or for a  
89 24 contractor or subcontractor and used in the  
89 25 fulfillment of a written contract relating to the  
89 26 construction or equipping of a facility within the  
89 27 zone of the primary business or a supporting business.  
89 28 Taxes attributable to intangible property and  
89 29 furniture and furnishings shall not be refunded.

89 30 To receive the refund a claim shall be filed by the  
89 31 primary business or a supporting business with the  
89 32 department of revenue and finance as follows:

89 33 a. The contractor or subcontractor shall state  
89 34 under oath, on forms provided by the department, the  
89 35 amount of the sales of goods, wares, or merchandise or  
89 36 services rendered, furnished, or performed including  
89 37 water, sewer, gas, and electric utility services for  
89 38 use in the zone upon which sales or use tax has been  
89 39 paid prior to the project completion, and shall file  
89 40 the forms with the primary business or supporting  
89 41 business before final settlement is made.

89 42 b. The primary business or a supporting business  
89 43 shall, not more than six months after project  
89 44 completion, make application to the department for any  
89 45 refund of the amount of the sales and use taxes paid  
89 46 pursuant to chapter ~~422~~ or 423 upon any goods, wares,  
89 47 or merchandise, or services rendered, furnished, or  
89 48 performed, including water, sewer, gas, and electric

89 49 utility services. The application shall be made in  
89 50 the manner and upon forms to be provided by the  
90 1 department, and the department shall audit the claim  
90 2 and, if approved, issue a warrant to the primary  
90 3 business or supporting business in the amount of the  
90 4 sales or use tax which has been paid to the state of  
90 5 Iowa under a contract. A claim filed by the primary  
90 6 business or a supporting business in accordance with  
90 7 this subsection shall not be denied by reason of a  
90 8 limitation provision set forth in chapter 421, 422, or  
90 9 423.

90 10 c. A contractor or subcontractor who willfully  
90 11 makes a false report of tax paid under the provisions  
90 12 of this subsection is guilty of a simple misdemeanor  
90 13 and in addition is liable for the payment of the tax  
90 14 and any applicable penalty and interest.

90 15 Sec. \_\_\_\_\_. Section 28A.17, unnumbered paragraph 1,  
90 16 Code 2003, is amended to read as follows:

90 17 If an authority is established as provided in  
90 18 section 28A.6 and after approval of a referendum by a  
90 19 simple majority of votes cast in each metropolitan  
90 20 area in favor of the sales and services tax, the  
90 21 governing board of a county in this state within a  
90 22 metropolitan area which is part of the authority shall  
90 23 impose, at the request of the authority, a local sales  
90 24 and services tax at the rate of one-fourth of one  
90 25 percent on ~~gross receipts~~ the sales price taxed by  
90 26 this state under ~~chapter 422, division IV section~~  
90 27 ~~423.2~~, within the metropolitan area located in this  
90 28 state. The referendum shall be called by resolution  
90 29 of the board and shall be held as provided in section  
90 30 28A.6 to the extent applicable. The ballot  
90 31 proposition shall contain a statement as to the  
90 32 specific purpose or purposes for which the revenues  
90 33 shall be expended and the date of expiration of the  
90 34 tax. The local sales and services tax shall be  
90 35 imposed on the same basis, with the same exceptions,  
90 36 and following the same administrative procedures as  
90 37 provided for a county under sections 422B.8 and  
90 38 422B.9. The amount of the sale, for the purposes of  
90 39 determining the amount of the local sales and services  
90 40 tax under this section, does not include the amount of  
90 41 any local sales and services tax imposed under  
90 42 sections 422B.8 and 422B.9.

90 43 Sec. \_\_\_\_\_. Section 29C.15, Code 2003, is amended to  
90 44 read as follows:

90 45 29C.15 TAX=EXEMPT PURCHASES.

90 46 All purchases under the provisions of this chapter  
90 47 shall be exempt from the taxes imposed by sections  
90 48 ~~422.43 423.2~~ and ~~423.2 423.5~~.

90 49 Sec. \_\_\_\_\_. Section 99E.10, subsection 1, paragraph  
90 50 b, Code 2003, is amended to read as follows:

91 1 b. An amount equal to the product of the state  
91 2 sales tax rate under section ~~422.43 423.2~~ multiplied  
91 3 by the gross sales price of each ticket or share sold  
91 4 shall be deducted as the sales tax on the sale of that  
91 5 ticket or share, remitted to the treasurer of state  
91 6 and deposited into the state general fund.

91 7 Sec. \_\_\_\_\_. Section 123.187, subsection 2, Code  
91 8 2003, is amended to read as follows:

91 9 2. A winery licensed or permitted pursuant to laws  
91 10 regulating alcoholic beverages in a state which  
91 11 affords this state an equal reciprocal shipping  
91 12 privilege may ship into this state by private common  
91 13 carrier, to a person twenty-one years of age or older,  
91 14 not more than eighteen liters of wine per month, for  
91 15 consumption or use by the person. Such wine shall not  
91 16 be resold. Shipment of wine pursuant to this  
91 17 subsection is not subject to sales tax under section  
91 18 ~~422.43 423.2~~, use tax under section ~~423.2 423.~~

91 19 the wine gallonage tax under section 123.183, and does  
91 20 not require a refund value for beverage container  
91 21 control purposes under chapter 455C.

91 22 Sec. \_\_\_\_\_. Section 262.54, Code 2003, is amended to  
91 23 read as follows:

91 24 262.54 COMPUTER SALES.

91 25 Sales, by an institution under the control of the  
91 26 board of regents, of computer equipment, computer  
91 27 software, and computer supplies to students and  
91 28 faculty at the institution are retail sales under  
91 29 chapter 422, division IV 423.



91 30 Sec. \_\_\_\_\_. Section 303.9, subsection 2, Code 2003,  
91 31 is amended to read as follows:  
91 32 2. The department may sell mementos and other  
91 33 items relating to Iowa history and historic sites on  
91 34 the premises of property under control of the  
91 35 department and at the state capitol. Notwithstanding  
91 36 sections 18.12 and 18.16, the department may directly  
91 37 and independently enter into rental and lease  
91 38 agreements with private vendors for the purpose of  
91 39 selling mementos. All fees and income produced by the  
91 40 sales and rental or lease agreements shall be credited  
91 41 to the account of the department. The mementos and  
91 42 other items sold by the department or vendors under  
91 43 this subsection are exempt from section 18.6. ~~The~~  
~~91 44 department is not a retailer under chapter 422 and the~~  
~~91 45 sale of such mementos and other items by the~~  
~~91 46 department is not a retail sale under chapter 422 and~~  
~~91 47 is exempt from the sales tax.~~  
91 48 Sec. \_\_\_\_\_. Section 312.1, subsection 4, Code 2003,  
91 49 is amended to read as follows:  
91 50 4. To the extent provided in section ~~423.24~~  
92 1 423.43, subsection 1, paragraph "b", from revenue  
92 2 derived from the use tax, under chapter 423 on motor  
92 3 vehicles, trailers, and motor vehicle accessories and  
92 4 equipment.  
92 5 Sec. \_\_\_\_\_. Section 312.2, subsections 14 and 16,  
92 6 Code 2003, are amended to read as follows:  
92 7 14. The treasurer of state, before making the  
92 8 allotments provided for in this section, shall credit  
92 9 monthly from the road use tax fund to the general fund  
92 10 of the state from revenue credited to the road use tax  
92 11 fund under section ~~423.24~~ 423.43, subsection 1,  
92 12 paragraph "b", an amount equal to one-twentieth of  
92 13 eighty percent of the revenue from the operation of  
92 14 section ~~423.7~~ 423.26.  
92 15 There is appropriated from the general fund of the  
92 16 state for each fiscal year to the state department of  
92 17 transportation the amount of revenues credited to the  
92 18 general fund of the state during the fiscal year under  
92 19 this subsection to be used for purposes of public  
92 20 transit assistance under chapter 324A.  
92 21 16. The treasurer of state, before making the  
92 22 allotments provided for in this section, shall credit  
92 23 monthly from the road use tax fund to the motorcycle  
92 24 rider education fund established in section 321.180B,  
92 25 an amount equal to one dollar per year of license  
92 26 validity for each issued or renewed driver's license  
92 27 which is valid for the operation of a motorcycle.  
92 28 Moneys credited to the motorcycle rider education fund  
92 29 under this subsection shall be taken from moneys  
92 30 credited to the road use tax fund under section ~~423.24~~  
92 31 423.43.  
92 32 Sec. \_\_\_\_\_. Section 321.20, subsection 5, Code 2003,  
92 33 is amended to read as follows:  
92 34 5. The amount of tax to be paid under section  
92 35 ~~423.7~~ 423.26.  
92 36 Sec. \_\_\_\_\_. Section 321.24, subsections 1 and 3,  
92 37 Code 2003, are amended to read as follows:  
92 38 1. Upon receipt of the application for title and  
92 39 payment of the required fees for a motor vehicle,  
92 40 trailer, or semitrailer, the county treasurer or the  
92 41 department shall, when satisfied as to the  
92 42 application's genuineness and regularity, and, in the  
92 43 case of a mobile home or manufactured home, that taxes  
92 44 are not owing under chapter 435, issue a certificate  
92 45 of title and, except for a mobile home or manufactured  
92 46 home, a registration receipt, and shall file the  
92 47 application, the manufacturer's or importer's  
92 48 certificate, the certificate of title, or other  
92 49 evidence of ownership, as prescribed by the  
92 50 department. The registration receipt shall be  
93 1 delivered to the owner and shall contain upon its face  
93 2 the date issued, the name and address of the owner,  
93 3 the registration number assigned to the vehicle, the  
93 4 amount of the fee paid, the amount of tax paid  
93 5 pursuant to section ~~423.7~~ 423.26, the type of fuel  
93 6 used, and a description of the vehicle as determined  
93 7 by the department, and upon the reverse side a form  
93 8 for notice of transfer of the vehicle. The name and  
93 9 address of any lessee of the vehicle shall not be  
93 10 printed on the registration receipt or certificate of

93 11 title. Up to three owners may be listed on the  
93 12 registration receipt and certificate of title.

93 13 3. The certificate of title shall contain upon its  
93 14 face the identical information required upon the face  
93 15 of the registration receipt. In addition, the  
93 16 certificate of title shall contain a statement of the  
93 17 owner's title, the title number assigned to the owner  
93 18 or owners of the vehicle, the amount of tax paid  
93 19 pursuant to section ~~423.7~~ 423.26, the name and address  
93 20 of the previous owner, and a statement of all security  
93 21 interests and encumbrances as shown in the  
93 22 application, upon the vehicle described, including the  
93 23 nature of the security interest, date of notation, and  
93 24 name and address of the secured party.

93 25 Sec. \_\_\_\_\_. Section 321.34, subsection 7, paragraph  
93 26 c, Code 2003, is amended to read as follows:

93 27 c. The fees for a collegiate registration plate  
93 28 are as follows:

93 29 (1) A registration fee of twenty-five dollars.  
93 30 (2) A special collegiate registration fee of  
93 31 twenty-five dollars.

93 32 These fees are in addition to the regular annual  
93 33 registration fee. The fees collected by the director  
93 34 under this subsection shall be paid monthly to the  
93 35 treasurer of state and credited by the treasurer of  
93 36 state to the road use tax fund. Notwithstanding  
93 37 section ~~423.24~~ 423.43 and prior to the revenues being  
93 38 credited to the road use tax fund under section ~~423.24~~  
93 39 423.43, subsection 1, paragraph "b", the treasurer of  
93 40 state shall credit monthly from those revenues  
93 41 respectively, to Iowa state university of science and  
93 42 technology, the university of northern Iowa, and the  
93 43 state university of Iowa, the amount of the special  
93 44 collegiate registration fees collected in the previous  
93 45 month for collegiate registration plates designed for  
93 46 the university. The moneys credited are appropriated  
93 47 to the respective universities to be used for  
93 48 scholarships for students attending the universities.

93 49 Sec. \_\_\_\_\_. Section 321.34, subsection 11, paragraph  
93 50 c, Code 2003, is amended to read as follows:

94 1 c. The special natural resources fee for letter  
94 2 number designated natural resources plates is thirty=  
94 3 five dollars. The fee for personalized natural  
94 4 resources plates is forty-five dollars which shall be  
94 5 paid in addition to the special natural resources fee  
94 6 of thirty-five dollars. The fees collected by the  
94 7 director under this subsection shall be paid monthly  
94 8 to the treasurer of state and credited to the road use  
94 9 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
94 10 prior to the crediting of revenues to the road use tax  
94 11 fund under section ~~423.24~~ 423.43, subsection 1,  
94 12 paragraph "b", the treasurer of state shall credit  
94 13 monthly from those revenues to the Iowa resources  
94 14 enhancement and protection fund created pursuant to  
94 15 section 455A.18, the amount of the special natural  
94 16 resources fees collected in the previous month for the  
94 17 natural resources plates.

94 18 Sec. \_\_\_\_\_. Section 321.34, subsection 11A,  
94 19 paragraph c, Code 2003, is amended to read as follows:

94 20 c. The special fee for letter number designated  
94 21 love our kids plates is thirty-five dollars. The fee  
94 22 for personalized love our kids plates is twenty-five  
94 23 dollars, which shall be paid in addition to the  
94 24 special love our kids fee of thirty-five dollars. The  
94 25 fees collected by the director under this subsection  
94 26 shall be paid monthly to the treasurer of state and  
94 27 credited to the road use tax fund. Notwithstanding  
94 28 section ~~423.24~~ 423.43, and prior to the crediting of  
94 29 revenues to the road use tax fund under section ~~423.24~~  
94 30 423.43, subsection 1, paragraph "b", the treasurer of  
94 31 state shall transfer monthly from those revenues to  
94 32 the Iowa department of public health the amount of the  
94 33 special fees collected in the previous month for the  
94 34 love our kids plates. Notwithstanding section 8.33,  
94 35 moneys transferred under this subsection shall not  
94 36 revert to the general fund of the state.

94 37 Sec. \_\_\_\_\_. Section 321.34, subsection 11B,  
94 38 paragraph c, Code 2003, is amended to read as follows:

94 39 c. The special fee for letter number designated  
94 40 motorcycle rider education plates is thirty-five  
94 41 dollars. The fee for personalized motorcycle rider

94 42 education plates is twenty=five dollars, which shall  
94 43 be paid in addition to the special motorcycle rider  
94 44 education fee of thirty=five dollars. The fees  
94 45 collected by the director under this subsection shall  
94 46 be paid monthly to the treasurer of state and credited  
94 47 to the road use tax fund. Notwithstanding section  
94 48 ~~423.24~~ 423.43, and prior to the crediting of revenues  
94 49 to the road use tax fund under section ~~423.24~~ 423.43,  
94 50 subsection 1, paragraph "b", the treasurer of state  
95 1 shall transfer monthly from those revenues to the  
95 2 department for use in accordance with section  
95 3 321.180B, subsection 6, the amount of the special fees  
95 4 collected in the previous month for the motorcycle  
95 5 rider education plates.

95 6 Sec. \_\_\_\_\_. Section 321.34, subsection 13, paragraph  
95 7 d, Code 2003, is amended to read as follows:  
95 8 d. A state agency may submit a request to the  
95 9 department recommending a special registration plate.  
95 10 The alternate fee for letter number designated plates  
95 11 is thirty=five dollars with a ten dollar annual  
95 12 special renewal fee. The fee for personalized plates  
95 13 is twenty=five dollars which is in addition to the  
95 14 alternative fee of thirty=five dollars with an annual  
95 15 personalized plate renewal fee of five dollars which  
95 16 is in addition to the special renewal fee of ten  
95 17 dollars. The alternate fees are in addition to the  
95 18 regular annual registration fee. The alternate fees  
95 19 collected under this paragraph shall be paid monthly  
95 20 to the treasurer of state and credited to the road use  
95 21 tax fund. Notwithstanding section ~~423.24~~ 423.43, and  
95 22 prior to the crediting of the revenues to the road use  
95 23 tax fund under section ~~423.24~~ 423.43, subsection 1,  
95 24 paragraph "b", the treasurer of state shall credit  
95 25 monthly the amount of the alternate fees collected in  
95 26 the previous month to the state agency that  
95 27 recommended the special registration plate.

95 28 Sec. \_\_\_\_\_. Section 321.34, subsection 21, paragraph  
95 29 c, Code 2003, is amended to read as follows:  
95 30 c. The special fees collected by the director  
95 31 under this subsection shall be paid monthly to the  
95 32 treasurer of state and credited to the road use tax  
95 33 fund. Notwithstanding section ~~423.24~~ 423.43, and  
95 34 prior to the crediting of revenues to the road use tax  
95 35 fund under section ~~423.24~~ 423.43, subsection 1,  
95 36 paragraph "b", the treasurer of state shall credit  
95 37 monthly to the Iowa heritage fund created under  
95 38 section 303.9A the amount of the special fees  
95 39 collected in the previous month for the Iowa heritage  
95 40 plates.

95 41 Sec. \_\_\_\_\_. Section 321.34, subsection 22, paragraph  
95 42 b, Code 2003, is amended to read as follows:  
95 43 b. The special school transportation fee for  
95 44 letter number designated education plates is thirty=  
95 45 five dollars. The fee for personalized education  
95 46 plates is twenty=five dollars, which shall be paid in  
95 47 addition to the special school transportation fee of  
95 48 thirty=five dollars. The annual special school  
95 49 transportation fee is ten dollars for letter number  
95 50 designated registration plates and is fifteen dollars  
96 1 for personalized registration plates which shall be  
96 2 paid in addition to the regular annual registration  
96 3 fee. The fees collected by the director under this  
96 4 subsection shall be paid monthly to the treasurer of  
96 5 state and credited to the road use tax fund.  
96 6 Notwithstanding section ~~423.24~~ 423.43, and prior to  
96 7 the crediting of revenues to the road use tax fund  
96 8 under section ~~423.24~~ 423.43, subsection 1, paragraph  
96 9 "b", the treasurer of state shall transfer monthly  
96 10 from those revenues to the school budget review  
96 11 committee in accordance with section 257.31,  
96 12 subsection 17, the amount of the special school  
96 13 transportation fees collected in the previous month  
96 14 for the education plates.

96 15 Sec. \_\_\_\_\_. Section 321F.9, Code 2003, is amended to  
96 16 read as follows:  
96 17 321F.9 OPTION TO PURCHASE == DEALER'S LICENSE.  
96 18 Any person engaged in business in this state shall  
96 19 not enter into any agreement for the use of a motor  
96 20 vehicle under the terms of which ~~such that~~ person  
96 21 grants to another an option to purchase ~~such the~~ motor  
96 22 vehicle without first having obtained a motor vehicle

96 23 dealer's license under the provisions of chapter 322,  
96 24 and all sales of motor vehicles under such options  
96 25 shall be subject to sales or use taxes imposed under  
96 26 the provisions of ~~chapters 422 and chapter~~ 423.  
96 27 Nothing contained in this section shall require such  
96 28 person to have a place of business as provided by  
96 29 section 322.6, subsection 8.  
96 30 Sec. \_\_\_\_\_. Section 327I.26, Code 2003, is amended  
96 31 to read as follows:  
96 32 327I.26 APPROPRIATION TO AUTHORITY.  
96 33 Notwithstanding section ~~423.24~~ 423.43, and prior to  
96 34 the application of section ~~423.24~~ 423.43, subsection  
96 35 1, paragraph "b", there shall be deposited into the  
96 36 general fund of the state and is appropriated to the  
96 37 authority from eighty percent of the revenues derived  
96 38 from the operation of section ~~423.7~~ 423.26, the  
96 39 amounts certified by the authority under section  
96 40 327I.25. However, the total amount deposited into the  
96 41 general fund and appropriated to the Iowa railway  
96 42 finance authority under this section shall not exceed  
96 43 two million dollars annually. Moneys appropriated to  
96 44 the Iowa railway finance authority under this section  
96 45 are appropriated only for the payment of principal and  
96 46 interest on obligations or the payment of leases  
96 47 guaranteed by the authority as provided under section  
96 48 327I.25.  
96 49 Sec. \_\_\_\_\_. Section 328.26, unnumbered paragraph 2,  
96 50 Code 2003, is amended to read as follows:  
97 1 When an aircraft is registered to a person for the  
97 2 first time the fee submitted to the department shall  
97 3 include the tax imposed by section ~~422.43~~ 423.2 or  
97 4 section ~~423.2~~ 423.5 or evidence of the exemption of  
97 5 the aircraft from the tax imposed under section ~~422.43~~  
97 6 423.2 or ~~423.2~~ 423.5.  
97 7 Sec. \_\_\_\_\_. Section 331.557, subsection 3, Code  
97 8 2003, is amended to read as follows:  
97 9 3. Collect the use tax on vehicles subject to  
97 10 registration as provided in sections ~~423.6, 423.7, and~~  
97 11 ~~423.7A~~ 423.14, 423.26, and 423.27.  
97 12 Sec. \_\_\_\_\_. Section 357A.15, unnumbered paragraph 2,  
97 13 Code 2003, is amended to read as follows:  
97 14 A rural water district organized under chapter 504A  
97 15 shall receive a refund of sales or use taxes upon  
97 16 submitting an application to the department of revenue  
97 17 and finance for ~~such the~~ refund of taxes imposed upon  
97 18 the ~~gross receipts sales price~~ of all sales of  
97 19 building materials, supplies, or equipment sold to a  
97 20 contractor or used in the fulfillment of a written  
97 21 contract for the construction of facilities for ~~such~~  
97 22 ~~the~~ rural water district to the same extent as a rural  
97 23 water district organized under this chapter may obtain  
97 24 a refund under section ~~422.45~~ 423.4, subsection 7 97 25 Sec. \_\_\_\_\_. Section 421.10,  
Code 2003, is amended to  
97 26 read as follows:  
97 27 421.10 APPEAL PERIOD == APPLICABILITY.  
97 28 The appeal period for revision of assessment of  
97 29 tax, interest, and penalties set out under section  
97 30 422.28, ~~422.54~~ 423.37, 437A.9, 437A.22, 452A.64,  
97 31 453A.29, or 453A.46 applies to appeals to notices from  
97 32 the department denying changes in filing methods,  
97 33 denying refund claims, and denying portions of refund  
97 34 claims for the tax covered by that section, and  
97 35 notices of any department action directed to a  
97 36 specific taxpayer, other than licensing, which  
97 37 involves a calculation.  
97 38 Sec. \_\_\_\_\_. Section 421.17, subsection 22B, Code  
97 39 2003, is amended to read as follows:  
97 40 22B. ~~Enter To enter~~ into agreements or compacts  
97 41 with remote sellers, retailers, or third-party  
97 42 providers for the voluntary collection of Iowa sales  
97 43 or use taxes attributable to sales into Iowa ~~and to~~  
97 44 ~~enter. The director has the authority to enter into~~  
97 45 ~~and perform all duties required of the office of~~  
97 46 ~~director by~~ multistate agreements or compacts that  
97 47 provide for the ~~voluntary~~ collection of sales and use  
97 48 taxes, ~~including joint audits with other states or~~  
97 49 ~~audits on behalf of other states.~~ The agreements or  
97 50 compacts shall generally conform to the provisions of  
98 1 Iowa sales and use tax statutes. All fees for  
98 2 services, reimbursements, remuneration, incentives,  
98 3 and costs incurred by the department associated with

98 4 these agreements or compacts may be paid or reimbursed  
98 5 from the additional revenue generated. An amount is  
98 6 appropriated from amounts generated to pay or  
98 7 reimburse all costs associated with this subsection.  
98 8 Persons entering into an agreement or compact with the  
98 9 department pursuant to this subsection are subject to  
98 10 the requirements and penalties of the confidentiality  
98 11 laws of this state regarding tax information.  
98 12 Notwithstanding any other provisions of law, the  
98 13 contract, agreement, or compact shall provide for the  
98 14 registration, collection, report, and verification of  
98 15 amounts subject to this subsection.

98 16 Sec. \_\_\_\_\_. Section 421.17, subsection 29, paragraph  
98 17 j, Code 2003, is amended to read as follows:

98 18 j. The department's existing right to credit  
98 19 against tax due or to become due under section 422.73  
98 20 or 423.47 is not to be impaired by a right granted to  
98 21 or a duty imposed upon the department or other state  
98 22 agency by this subsection. This subsection is not  
98 23 intended to impose upon the department any additional  
98 24 requirement of notice, hearing, or appeal concerning  
98 25 the right to credit against tax due under section  
98 26 422.73 or 423.47.

98 27 Sec. \_\_\_\_\_. Section 421.17, subsection 34, paragraph  
98 28 i, Code 2003, is amended to read as follows:

98 29 i. The director may distribute to credit reporting  
98 30 entities and for publication the names, addresses, and  
98 31 amounts of indebtedness owed to or being collected by  
98 32 the state if the indebtedness is subject to the  
98 33 centralized debt collection procedure established in  
98 34 this subsection. The director shall adopt rules to  
98 35 administer this paragraph, and the rules shall provide  
98 36 guidelines by which the director shall determine which  
98 37 names, addresses, and amounts of indebtedness may be  
98 38 distributed for publication. The director may  
98 39 distribute information for publication pursuant to  
98 40 this paragraph, notwithstanding sections 422.20,  
98 41 422.72, and ~~423.23~~ 423.42, or any other provision of  
98 42 state law to the contrary pertaining to  
98 43 confidentiality of information.

98 44 Sec. \_\_\_\_\_. Section 421.26, Code 2003, is amended to  
98 45 read as follows:

98 46 421.26 PERSONAL LIABILITY FOR TAX DUE.

98 47 If a licensee or other person under section  
98 48 452A.65, a retailer or purchaser under chapter 422A or  
98 49 422B, or section ~~422.52~~ 423.31 or 423.33, or a  
98 50 retailer or purchaser under section ~~423.13~~ 423.32 or a  
98 1 user under section ~~423.14~~ 423.34 fails to pay a tax  
98 2 under those sections when due, an officer of a  
98 3 corporation or association, notwithstanding sections  
98 4 490A.601 and 490A.602, a member or manager of a  
98 5 limited liability company, or a partner of a  
98 6 partnership, having control or supervision of or the  
98 7 authority for remitting the tax payments and having a  
98 8 substantial legal or equitable interest in the  
98 9 ownership of the corporation, association, limited  
98 10 liability company, or partnership, who has  
98 11 intentionally failed to pay the tax is personally  
98 12 liable for the payment of the tax, interest, and  
98 13 penalty due and unpaid. However, this section shall  
98 14 not apply to taxes on accounts receivable. The  
98 15 dissolution of a corporation, association, limited  
98 16 liability company, or partnership shall not discharge  
98 17 a person's liability for failure to remit the tax due.

98 18 Sec. \_\_\_\_\_. Section 421.28, Code 2003, is amended to  
98 19 read as follows:

98 20 421.28 EXCEPTIONS TO SUCCESSOR LIABILITY.

98 21 The immediate successor to a licensee's or  
98 22 retailer's business or stock of goods under chapter  
98 23 422A or 422B, or section ~~422.52, 423.13, 423.14,~~  
98 24 423.33 or 452A.65, is not personally liable for the  
98 25 amount of delinquent tax, interest, or penalty due and  
98 26 unpaid if the immediate successor shows that the  
98 27 purchase of the business or stock of goods was made in  
98 28 good faith that no delinquent tax, interest, or  
98 29 penalty was due and unpaid. For purposes of this  
98 30 section the immediate successor shows good faith by  
98 31 evidence that the department had provided the  
98 32 immediate successor with a certified statement that no  
98 33 delinquent tax, interest, or penalty is unpaid, or  
98 34 that the immediate successor had taken in good faith a

99 35 certified statement from the licensee, retailer, or  
99 36 seller that no delinquent tax, interest, or penalty is  
99 37 unpaid. When requested to do so by a person with whom  
99 38 the licensee or retailer is negotiating the sale of  
99 39 the business or stock of goods, the director of  
99 40 revenue and finance shall, upon being satisfied that  
99 41 such a situation exists, inform that person as to the  
99 42 amount of unpaid delinquent tax, interest, or penalty  
99 43 due by the licensee or the retailer. The giving of  
99 44 the information under this circumstance is not a  
99 45 violation of section 422.20, 422.72, or 452A.63.  
99 46 Sec. \_\_\_\_\_. Section 421B.11, unnumbered paragraph 3,  
99 47 Code 2003, is amended to read as follows:  
99 48 Judicial review of the actions of the director may  
99 49 be sought in accordance with the terms of the Iowa  
99 50 administrative procedure Act, and section ~~422.55~~  
100 1 ~~423.38~~.  
100 2 Sec. \_\_\_\_\_. Section 422.7, subsection 21, paragraph  
100 3 a, subparagraph (1), unnumbered paragraph 1, Code  
100 4 2003, is amended to read as follows:  
100 5 Net capital gain from the sale of real property  
100 6 used in a business, in which the taxpayer materially  
100 7 participated for ten years, as defined in section  
100 8 469(h) of the Internal Revenue Code, and which has  
100 9 been held for a minimum of ten years, or from the sale  
100 10 of a business, as defined in section ~~422.42~~ 423.1, in  
100 11 which the taxpayer was employed or in which the  
100 12 taxpayer materially participated for ten years, as  
100 13 defined in section 469(h) of the Internal Revenue  
100 14 Code, and which has been held for a minimum of ten  
100 15 years. The sale of a business means the sale of all  
100 16 or substantially all of the tangible personal property  
100 17 or service of the business.  
100 18 Sec. \_\_\_\_\_. Section 422.73, subsection 1, Code 2003,  
100 19 is amended by striking the subsection.  
100 20 Sec. \_\_\_\_\_. Section 422A.1, unnumbered paragraphs 1,  
100 21 3, 7, and 8, Code 2003, are amended to read as  
100 22 follows:  
100 23 A city or county may impose by ordinance of the  
100 24 city council or by resolution of the board of  
100 25 supervisors a hotel and motel tax, at a rate not to  
100 26 exceed seven percent, which shall be imposed in  
100 27 increments of one or more full percentage points upon  
100 28 the ~~gross receipts sales price~~ from the renting of  
100 29 sleeping rooms, apartments, or sleeping quarters in a  
100 30 hotel, motel, inn, public lodging house, rooming  
100 31 house, manufactured or mobile home which is tangible  
100 32 personal property, or tourist court, or in any place  
100 33 where sleeping accommodations are furnished to  
100 34 transient guests for rent, whether with or without  
100 35 meals; except the ~~gross receipts sales price~~ from the  
100 36 renting of sleeping rooms in dormitories and in  
100 37 memorial unions at all universities and colleges  
100 38 located in the state of Iowa and the guests of a  
100 39 religious institution if the property is exempt under  
100 40 section 427.1, subsection 8, and the purpose of  
100 41 renting is to provide a place for a religious retreat  
100 42 or function and not a place for transient guests  
100 43 generally. The tax when imposed by a city shall apply  
100 44 only within the corporate boundaries of that city and  
100 45 when imposed by a county shall apply only outside  
100 46 incorporated areas within that county. "Renting" and  
100 47 "rent" include any kind of direct or indirect charge  
100 48 for such sleeping rooms, apartments, or sleeping  
100 49 quarters, or their use. However, the tax does not  
100 50 apply to the ~~gross receipts sales price~~ from the  
101 1 renting of a sleeping room, apartment, or sleeping  
101 2 quarters while rented by the same person for a period  
101 3 of more than thirty-one consecutive days.  
101 4 A local hotel and motel tax shall be imposed on  
101 5 January 1, April 1, July 1, or October 1, following  
101 6 the notification of the director of revenue and  
101 7 finance. Once imposed, the tax shall remain in effect  
101 8 at the rate imposed for a minimum of one year. A  
101 9 local hotel and motel tax shall terminate only on  
101 10 March 31, June 30, September 30, or December 31. At  
101 11 least ~~forty-five~~ sixty days prior to the tax being  
101 12 effective or prior to a revision in the tax rate, or  
101 13 prior to the repeal of the tax, a city or county shall  
101 14 provide notice by mail of such action to the director  
101 15 of revenue and finance.

101 16 No tax permit other than the state sales tax permit  
101 17 required under section ~~422.53~~ 423.36 may be required  
101 18 by local authorities.  
101 19 The tax levied shall be in addition to any state  
101 20 sales tax imposed under section ~~422.43~~ 423.2. Section  
101 21 422.25, subsection 4, sections 422.30, ~~422.48~~ to  
101 22 ~~422.52, 422.54 to 422.58,~~ 422.67, and 422.68, section  
101 23 422.69, subsection 1, and sections 422.70 to 422.75,  
101 24 section 423.14, subsection 1, and sections 423.23,  
101 25 423.24, 423.25, 423.31, 423.33, 423.35, 423.37 to  
101 26 423.42, and 423.47, consistent with the provisions of  
101 27 this chapter, apply with respect to the taxes  
101 28 authorized under this chapter, in the same manner and  
101 29 with the same effect as if the hotel and motel taxes  
101 30 were retail sales taxes within the meaning of those  
101 31 statutes. Notwithstanding this paragraph, the  
101 32 director shall provide for quarterly filing of returns  
101 33 ~~as prescribed in section 422.51~~ and for other than  
101 34 quarterly filing of returns both as prescribed in  
101 35 section ~~422.51, subsection 2~~ 423.31. The director may  
101 36 require all persons, as defined in section ~~422.42~~  
101 37 423.1, who are engaged in the business of deriving  
101 38 ~~gross receipts~~ any sales price subject to tax under  
101 39 this chapter, to register with the department.  
101 40 Sec. \_\_\_\_\_. Section 422B.8, Code 2003, is amended to  
101 41 read as follows:  
101 42 422B.8 LOCAL SALES AND SERVICES TAX.  
101 43 A local sales and services tax at the rate of not  
101 44 more than one percent may be imposed by a county on  
101 45 the ~~gross receipts~~ sales price taxed by the state  
101 46 under chapter ~~422~~ 423, division IV subchapter  
101 47 local sales and services tax shall be imposed on the  
101 48 same basis as the state sales and services tax or in  
101 49 the case of the use of natural gas, natural gas  
101 50 service, electricity, or electric service on the same  
102 1 basis as the state use tax and shall not be imposed on  
102 2 the sale of any property or on any service not taxed  
102 3 by the state, except the tax shall not be imposed on  
102 4 the gross receipts sales price from the sale of motor  
102 5 fuel or special fuel as defined in chapter 452A which  
102 6 is consumed for highway use or in watercraft or  
102 7 aircraft if the fuel tax is paid on the transaction  
102 8 and a refund has not or will not be allowed, on the  
102 9 gross receipts sales price from the rental of rooms,  
102 10 apartments, or sleeping quarters which are taxed under  
102 11 chapter 422A during the period the hotel and motel tax  
102 12 is imposed, on the gross receipts sales price from the  
102 13 sale of equipment by the state department of  
102 14 transportation, on the gross receipts sales price from  
102 15 the sale of self-propelled building equipment, pile  
102 16 drivers, motorized scaffolding, or attachments  
102 17 customarily drawn or attached to self-propelled  
102 18 building equipment, pile drivers, and motorized  
102 19 scaffolding, including auxiliary attachments which  
102 20 improve the performance, safety, operation, or  
102 21 efficiency of the equipment and replacement parts and  
102 22 are directly and primarily used by contractors,  
102 23 subcontractors, and builders for new construction,  
102 24 reconstruction, alterations, expansion, or remodeling  
102 25 of real property or structures, and on the gross  
102 26 receipts sales price from the sale of a lottery ticket  
102 27 or share in a lottery game conducted pursuant to  
102 28 chapter 99E and except the tax shall not be imposed on  
102 29 the gross receipts sales price from the sale or use of  
102 30 natural gas, natural gas service, electricity, or  
102 31 electric service in a city or county where the gross  
102 32 receipts sales price from the sale of natural gas or  
102 33 electric energy are subject to a franchise fee or user  
102 34 fee during the period the franchise or user fee is  
102 35 imposed. A local sales and services tax is applicable  
102 36 to transactions within those incorporated and  
102 37 unincorporated areas of the county where it is imposed  
102 38 and shall be collected by all persons required to  
102 39 collect state gross receipts sales taxes. However, a  
102 40 person required to collect state retail sales tax  
102 41 under chapter ~~422~~ 423, division IV subchapter  
102 42 is not required to collect local sales and services  
102 43 tax on transactions delivered within the area where  
102 44 the local sales and services tax is imposed unless the  
102 45 person has physical presence in that taxing area. All  
102 46 cities contiguous to each other shall be treated as

102 47 part of one incorporated area and the tax would be  
102 48 imposed in each of those contiguous cities only if the  
102 49 majority of those voting in the total area covered by  
102 50 the contiguous cities favor its imposition.

103 1 The amount of the sale, for purposes of determining  
103 2 the amount of the local sales and services tax, does  
103 3 not include the amount of any state gross receipts  
103 4 ~~taxes sales tax.~~

103 5 A tax permit other than the state sales tax permit  
103 6 required under section ~~422.53 or 423.10~~ 423.36 shall  
103 7 not be required by local authorities.

103 8 If a local sales and services tax is imposed by a  
103 9 county pursuant to this chapter, a local excise tax at  
103 10 the same rate shall be imposed by the county on the  
103 11 purchase price of natural gas, natural gas service,  
103 12 electricity, or electric service subject to tax under  
103 13 chapter 423, subchapter III, and not exempted from tax  
103 14 by any provision of chapter 423, subchapter III. The  
103 15 local excise tax is applicable only to the use of  
103 16 natural gas, natural gas service, electricity, or  
103 17 electric service within those incorporated and  
103 18 unincorporated areas of the county where it is imposed  
103 19 and, except as otherwise provided in this chapter,  
103 20 shall be collected and administered in the same manner  
103 21 as the local sales and services tax. For purposes of  
103 22 this chapter, "local sales and services tax" shall  
103 23 also include the local excise tax.

103 24 Sec. \_\_\_\_\_. Section 422B.9, subsections 1 and 2,  
103 25 Code 2003, are amended to read as follows:

103 26 1. a. A local sales and services tax shall be  
103 27 imposed either January 1 or July 1 following the  
103 28 notification of the director of revenue and finance  
103 29 but not sooner than ninety days following the  
103 30 favorable election and not sooner than sixty days  
103 31 following notice to sellers, as defined in section

103 32 423.1. However, a jurisdiction which has voted to  
103 33 continue imposition of the tax may impose that tax  
103 34 without repeal of the prior tax.

103 35 b. A local sales and services tax shall be  
103 36 repealed only on June 30 or December 31 but not sooner  
103 37 than ninety days following the favorable election if  
103 38 one is held. However, a local sales and services tax  
103 39 shall not be repealed before the tax has been in  
103 40 effect for one year. At least forty days before the  
103 41 imposition or repeal of the tax, a county shall  
103 42 provide notice of the action by certified mail to the  
103 43 director of revenue and finance.

103 44 c. The imposition of or a rate change for a local  
103 45 sales and service tax shall not be applied to  
103 46 purchases from a printed catalog wherein a purchaser  
103 47 computes the local tax based on rates published in the  
103 48 catalog unless a minimum of one hundred twenty days'  
103 49 notice of the imposition or rate change has been given  
103 50 to the seller from the catalog and the first day of a

104 1 calendar quarter has occurred on or after the one  
104 2 hundred twentieth day.

104 3 e. d. If a local sales and services tax has been  
104 4 imposed prior to April 1, 2000, and at the time of the  
104 5 election a date for repeal was specified on the  
104 6 ballot, the local sales and services tax may be  
104 7 repealed on that date, notwithstanding paragraph "b".

104 8 2. a. The director of revenue and finance shall  
104 9 administer a local sales and services tax as nearly as  
104 10 possible in conjunction with the administration of  
104 11 state ~~gross receipts sales~~ tax laws. The director  
104 12 shall provide appropriate forms or provide on the  
104 13 regular state tax forms for reporting local sales and  
104 14 services tax liability.

104 15 b. The ordinance of a county board of supervisors  
104 16 imposing a local sales and services tax shall adopt by  
104 17 reference the applicable provisions of the appropriate  
104 18 sections of ~~chapter 422, division IV, and~~ chapter 423.  
104 19 All powers and requirements of the director to  
104 20 administer the state ~~gross receipts sales~~ tax law and  
104 21 use tax law are applicable to the administration of a  
104 22 local sales and services tax law and the local excise  
104 23 tax, including but not limited to, the provisions of  
104 24 section 422.25, subsection 4, sections 422.30, ~~422.48~~  
104 25 ~~to 422.52, 422.54 to 422.58, 422.67, and 422.68,~~  
104 26 section 422.69, subsection 1, sections 422.70 to  
104 27 422.75, 423.6, subsections 2 to 4, and sections 423.11



~~104 28 to 423.18, and 423.21 section 423.14, subsection 1 and~~  
~~104 29 subsection 2, paragraphs "b" through "e", and sections~~  
~~104 30 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35,~~  
~~104 31 423.37 to 423.42, 423.46, and 423.47. Local officials~~  
~~104 32 shall confer with the director of revenue and finance~~  
~~104 33 for assistance in drafting the ordinance imposing a~~  
~~104 34 local sales and services tax. A certified copy of the~~  
~~104 35 ordinance shall be filed with the director as soon as~~  
~~104 36 possible after passage.~~  
~~104 37 c. Frequency of deposits and quarterly reports of~~  
~~104 38 a local sales and services tax with the department of~~  
~~104 39 revenue and finance are governed by the tax provisions~~  
~~104 40 in section ~~422.52~~ 423.31. Local tax collections shall~~  
~~104 41 not be included in computation of the total tax to~~  
~~104 42 determine frequency of filing under section ~~422.52~~~~  
~~104 43 ~~423.31~~.~~  
~~104 44 d. The director shall apply a boundary change of a~~  
~~104 45 county or city imposing or collecting the local sales~~  
~~104 46 and service tax to the imposition or collection of~~  
~~104 47 that tax only on the first day of a calendar quarter~~  
~~104 48 which occurs sixty days or more after the director has~~  
~~104 49 given notice of the boundary change to sellers.~~  
~~104 50 Sec. \_\_\_\_.~~ Section 422C.2, subsections 4 and 6,  
~~105 1 Code 2003, are amended to read as follows:~~  
~~105 2 4. "Person" means person as defined in section~~  
~~105 3 ~~422.42~~ 423.1.~~  
~~105 4 6. "Rental price" means the consideration for~~  
~~105 5 renting an automobile valued in money, and means the~~  
~~105 6 same as "gross taxable services" "sales price" as~~  
~~105 7 defined in section ~~422.42~~ 423.1.~~  
~~105 8 Sec. \_\_\_\_.~~ Section 422C.3, Code 2003, is amended to  
~~105 9 read as follows:~~  
~~105 10 422C.3 TAX ON RENTAL OF AUTOMOBILES.~~  
~~105 11 1. A tax of five percent is imposed upon the~~  
~~105 12 rental price of an automobile if the rental~~  
~~105 13 transaction is subject to the sales and services tax~~  
~~105 14 under chapter ~~422~~ 423, ~~division IV~~ subchapter~~  
~~105 15 the use tax under chapter 423, subchapter III. The~~  
~~105 16 tax shall not be imposed on any rental transaction not~~  
~~105 17 taxable under the state sales and services tax, as~~  
~~105 18 provided in section ~~422.45~~ 423.3, or the state use~~  
~~105 19 tax, as provided in section ~~423.4~~ 423.6, on automobile~~  
~~105 20 rental receipts.~~  
~~105 21 2. The lessor shall collect the tax by adding the~~  
~~105 22 tax to the rental price of the automobile.~~  
~~105 23 3. The tax, when collected, shall be stated as a~~  
~~105 24 distinct item separate and apart from the rental price~~  
~~105 25 of the automobile and the sales and services tax~~  
~~105 26 imposed under chapter ~~422~~ 423, ~~division IV~~ sub~~  
~~105 27 ~~II~~, or the use tax imposed under chapter 423,~~  
~~105 28 subchapter III.~~  
~~105 29 Sec. \_\_\_\_.~~ Section 422C.4, Code 2003, is amended to  
~~105 30 read as follows:~~  
~~105 31 422C.4 ADMINISTRATION AND ENFORCEMENT.~~  
~~105 32 All powers and requirements of the director of~~  
~~105 33 revenue and finance to administer the state ~~gross~~~~  
~~105 34 ~~receipts sales~~ tax law under chapter ~~422~~, ~~division IV~~,~~  
~~105 35 ~~423~~ are applicable to the administration of the tax~~  
~~105 36 imposed under section 422C.3, including but not~~  
~~105 37 limited to section 422.25, subsection 4, sections~~  
~~105 38 422.30, ~~422.48~~ through ~~422.52~~, ~~422.54~~ through ~~422.58~~,~~  
~~105 39 ~~422.67~~, and ~~422.68~~, section 422.69, subsection 1, and~~  
~~105 40 sections 422.70 through 422.75, section 423.14,~~  
~~105 41 subsection 1, and sections 423.15, 423.23, 423.24,~~  
~~105 42 423.25, 423.31, 423.33, 423.35 and 423.37 through~~  
~~105 43 ~~423.42~~, ~~423.45~~, ~~423.46~~, and ~~423.47~~.~~ However, as an  
~~105 44 exception to the powers specified in section ~~422.52~~,~~  
~~105 45 ~~subsection 1~~ 423.31, the director shall only require~~  
~~105 46 the filing of quarterly reports.~~  
~~105 47 Sec. \_\_\_\_.~~ Section 422E.1, subsection 1, is amended  
~~105 48 to read as follows:~~  
~~105 49 1. A local sales and services tax for school~~  
~~105 50 infrastructure purposes may be imposed by a county on~~  
~~106 1 behalf of school districts as provided in this~~  
~~106 2 chapter.~~  
~~106 3 If a local sales and services tax for school~~  
~~106 4 infrastructure is imposed by a county pursuant to this~~  
~~106 5 chapter, a local excise tax for school infrastructure~~  
~~106 6 at the same rate shall be imposed by the county on the~~  
~~106 7 purchase price of natural gas, natural gas service,~~  
~~106 8 electricity, or electric service subject to tax under~~

106 9 chapter 423, subchapter III, and not exempted from tax  
106 10 by any provision of chapter 423, subchapter III. The  
106 11 local excise tax for school infrastructure is  
106 12 applicable only to the use of natural gas, natural gas  
106 13 service, electricity, or electric service within those  
106 14 incorporated and unincorporated areas of the county  
106 15 where it is imposed and, except as otherwise provided  
106 16 in this chapter, shall be collected and administered  
106 17 in the same manner as the local sales and services tax  
106 18 for school infrastructure. For purposes of this  
106 19 chapter, "local sales and services tax for school  
106 20 infrastructure" shall also include the local excise  
106 21 tax for school infrastructure.

106 22 Sec. \_\_\_\_\_. Section 422E.3, subsections 1, 2, and 3,  
106 23 Code 2003, are amended to read as follows:

106 24 1. If a majority of those voting on the question  
106 25 of imposition of a local sales and services tax for  
106 26 school infrastructure purposes favors imposition of  
106 27 the tax, the tax shall be imposed by the county board  
106 28 of supervisors within the county pursuant to section  
106 29 422E.2, at the rate specified for a ten-year duration  
106 30 on the ~~gross receipts sales price~~ taxed by the state  
106 31 under chapter ~~422 423, division IV subchapter~~

106 32 2. The tax shall be imposed on the same basis as  
106 33 the state sales and services tax or in the case of the  
106 34 use of natural gas, natural gas service, electricity,  
106 35 or electric service on the same basis as the state use  
106 36 tax and shall not be imposed on the sale of any  
106 37 property or on any service not taxed by the state,

106 38 ~~except the tax shall not be imposed on the gross~~  
106 39 ~~receipts sales price~~ from the sale of motor fuel or  
106 40 special fuel as defined in chapter 452A which is  
106 41 consumed for highway use or in watercraft or aircraft  
106 42 if the fuel tax is paid on the transaction and a  
106 43 refund has not or will not be allowed, on the ~~gross~~

106 44 ~~receipts sales price~~ from the rental of rooms,  
106 45 apartments, or sleeping quarters which are taxed under  
106 46 chapter 422A during the period the hotel and motel tax  
106 47 is imposed, on the ~~gross receipts sales price~~ from the  
106 48 sale of equipment by the state department of  
106 49 transportation, on the ~~gross receipts sales price~~ from  
106 50 the sale of self-propelled building equipment, pile

107 1 drivers, motorized scaffolding, or attachments  
107 2 customarily drawn or attached to self-propelled  
107 3 building equipment, pile drivers, and motorized  
107 4 scaffolding, including auxiliary attachments which  
107 5 improve the performance, safety, operation, or  
107 6 efficiency of the equipment, and replacement parts and  
107 7 are directly and primarily used by contractors,

107 8 subcontractors, and builders for new construction,  
107 9 reconstruction, alterations, expansion, or remodeling  
107 10 of real property or structures, and on the ~~gross~~  
107 11 ~~receipts sales price~~ from the sale of a lottery ticket  
107 12 or share in a lottery game conducted pursuant to  
107 13 chapter 99E and except the tax shall not be imposed on

107 14 the ~~gross receipts sales price~~ from the sale or use of  
107 15 natural gas, natural gas service, electricity, or  
107 16 electric service in a city or county where the ~~gross~~  
107 17 ~~receipts sales price~~ from the sale of natural gas or  
107 18 electric energy are subject to a franchise fee or user  
107 19 fee during the period the franchise or user fee is  
107 20 imposed.

107 21 3. The tax is applicable to transactions within  
107 22 the county where it is imposed and shall be collected  
107 23 by all persons required to collect state ~~gross~~  
107 24 ~~receipts sales~~ or local excise taxes. However, a  
107 25 person required to collect state ~~retail~~ sales tax  
107 26 under chapter ~~422, division IV, 423~~ is not required to

107 27 collect local sales and services tax on transactions  
107 28 delivered within the area where the local sales and  
107 29 services tax is imposed unless the person has physical  
107 30 presence in that taxing area. The amount of the sale,  
107 31 for purposes of determining the amount of the tax,  
107 32 does not include the amount of any state ~~gross~~

107 33 ~~receipts sales taxes~~ or excise taxes or other local  
107 34 option sales or excise taxes. A tax permit other than  
107 35 the state tax permit required under section ~~422.53 or~~  
107 36 ~~423.10 423.36~~ shall not be required by local  
107 37 authorities.

107 38 Sec. \_\_\_\_\_. Section 425.30, Code 2003, is amended to  
107 39 read as follows:

107 40 425.30 NOTICES.  
107 41 Section ~~422.57~~ 423.39, subsection 1, shall apply to  
107 42 all notices under this division.  
107 43 Sec. \_\_\_\_\_. Section 425.31, Code 2003, is amended to  
107 44 read as follows:  
107 45 425.31 APPEALS.  
107 46 Any person aggrieved by an act or decision of the  
107 47 director of revenue and finance or the department of  
107 48 revenue and finance under this division shall have the  
107 49 same rights of appeal and review as provided in  
107 50 sections 421.1 and ~~422.55~~ 423.38 and the rules of the  
108 1 department of revenue and finance.  
108 2 Sec. \_\_\_\_\_. Section 452A.66, unnumbered paragraph 1,  
108 3 Code 2003, is amended to read as follows:  
108 4 The appropriate state agency shall administer the  
108 5 taxes imposed by this chapter in the same manner as  
108 6 and subject to section 422.25, subsection 4 and  
108 7 section ~~422.52~~, ~~subsection 3~~ 423.35.  
108 8 Sec. \_\_\_\_\_. Section 455B.455, Code 2003, is amended  
108 9 to read as follows:  
108 10 455B.455 SURCHARGE IMPOSED.  
108 11 A land burial surcharge tax of two percent is  
108 12 imposed on the fee for land burial of a hazardous  
108 13 waste. The owner of the land burial facility shall  
108 14 remit the tax collected to the director of revenue and  
108 15 finance after consultation with the director according  
108 16 to rules that the director shall adopt. The director  
108 17 shall forward a copy of the site license to the  
108 18 director of revenue and finance which shall be the  
108 19 appropriate license for the collection of the land  
108 20 burial surcharge tax and shall be subject to  
108 21 suspension or revocation if the site license holder  
108 22 fails to collect or remit the tax collected under this  
108 23 section. The provisions of ~~sections~~ section 422.25,  
108 24 subsection 4, sections 422.30, ~~422.48 to 422.52~~,  
~~108 25 422.54 to 422.58~~, 422.67, and 422.68, section 422.69,  
108 26 subsection 1, and sections 422.70 to 422.75, section  
108 27 423.14, subsection 1, and sections 423.23, 423.24,  
108 28 423.25, 423.31, 423.33, 423.35, 423.37 to 423.42, and  
108 29 423.47, consistent with the provisions of this part 6  
108 30 of division IV, shall apply with respect to the taxes  
108 31 authorized under this part, in the same manner and  
108 32 with the same effect as if the land burial surcharge  
108 33 tax were ~~retail~~ sales taxes within the meaning of  
108 34 those statutes. Notwithstanding the provisions of  
108 35 this ~~paragraph~~ section, the director shall provide for  
108 36 only quarterly filing of returns as prescribed in  
108 37 section ~~422.51~~ 423.31. Taxes collected by the  
108 38 director of revenue and finance under this section  
108 39 shall be deposited in the general fund of the state.  
108 40 Sec. \_\_\_\_\_. Section 455G.3, subsection 1, Code 2003,  
108 41 is amended to read as follows:  
108 42 1. The Iowa comprehensive petroleum underground  
108 43 storage tank fund is created as a separate fund in the  
108 44 state treasury, and any funds remaining in the fund at  
108 45 the end of each fiscal year shall not revert to the  
108 46 general fund but shall remain in the Iowa  
108 47 comprehensive petroleum underground storage tank fund.  
108 48 Interest or other income earned by the fund shall be  
108 49 deposited in the fund. The fund shall include moneys  
108 50 credited to the fund under this section, section  
109 1 ~~423.24~~ 423.43, subsection 1, paragraph "a", and  
109 2 sections 455G.8, 455G.9, and 455G.11, and other funds  
109 3 which by law may be credited to the fund. The moneys  
109 4 in the fund are appropriated to and for the purposes  
109 5 of the board as provided in this chapter. Amounts in  
109 6 the fund shall not be subject to appropriation for any  
109 7 other purpose by the general assembly, but shall be  
109 8 used only for the purposes set forth in this chapter.  
109 9 The treasurer of state shall act as custodian of the  
109 10 fund and disburse amounts contained in it as directed  
109 11 by the board including automatic disbursements of  
109 12 funds as received pursuant to the terms of bond  
109 13 indentures and documents and security provisions to  
109 14 trustees and custodians. The treasurer of state is  
109 15 authorized to invest the funds deposited in the fund  
109 16 at the direction of the board and subject to any  
109 17 limitations contained in any applicable bond  
109 18 proceedings. The income from such investment shall be  
109 19 credited to and deposited in the fund. The fund shall  
109 20 be administered by the board which shall make

109 21 expenditures from the fund consistent with the  
109 22 purposes of the programs set out in this chapter  
109 23 without further appropriation. The fund may be  
109 24 divided into different accounts with different  
109 25 depositories as determined by the board and to fulfill  
109 26 the purposes of this chapter.

109 27 Sec. \_\_\_\_\_. Section 455G.6, subsection 4, Code 2003,  
109 28 is amended to read as follows:

109 29 4. Grant a mortgage, lien, pledge, assignment, or  
109 30 other encumbrance on one or more improvements,  
109 31 revenues, asset of right, accounts, or funds  
109 32 established or received in connection with the fund,  
109 33 including revenues derived from the use tax under  
109 34 section ~~423.24~~ 423.43, subsection 1, paragraph "a",  
109 35 and deposited in the fund or an account of the fund.

109 36 Sec. \_\_\_\_\_. Section 455G.8, subsection 2, Code 2003,  
109 37 is amended to read as follows:

109 38 2. USE TAX. The revenues derived from the use tax  
109 39 imposed under chapter 423, subchapter III. The  
109 40 proceeds of the use tax under section ~~423.24~~ 423.43,  
109 41 subsection 1, paragraph "a", shall be allocated,  
109 42 consistent with this chapter, among the fund's  
109 43 accounts, for debt service and other fund expenses,  
109 44 according to the fund budget, resolution, trust  
109 45 agreement, or other instrument prepared or entered  
109 46 into by the board or authority under direction of the  
109 47 board.

109 48 Sec. \_\_\_\_\_. Section 455G.9, subsection 2, Code 2003,  
109 49 is amended to read as follows:

109 50 2. REMEDIAL ACCOUNT FUNDING. The remedial account  
110 1 shall be funded by that portion of the proceeds of the  
110 2 use tax imposed under chapter 423, subchapter III, and  
110 3 other moneys and revenues budgeted to the remedial  
110 4 account by the board.

110 5 Sec. \_\_\_\_\_. Section 2.67, Code 2003, is repealed.

110 6 Sec. \_\_\_\_\_. CODE EDITOR DIRECTIVE. The Code editor  
110 7 is directed to transfer Code chapter 423A to Code  
110 8 chapter 421A and to transfer Code chapters 422A, 422B,  
110 9 422C, and 422E to Code chapters 423A, 423B, 423C, and  
110 10 423E, respectively. The Code editor is directed to  
110 11 correct Code references as required due to the changes  
110 12 made in this Act.

110 13 SALES TAX ADVISORY COUNCIL

110 14 Sec. \_\_\_\_\_. IOWA STREAMLINED SALES TAX ADVISORY  
110 15 COUNCIL.

110 16 1. An Iowa streamlined sales tax advisory council  
110 17 is created. The advisory council shall review, study,  
110 18 and submit recommendations to the Iowa streamlined  
110 19 sales and use tax delegation regarding the proposed  
110 20 streamlined sales and use tax agreement formalized by  
110 21 the project's implementing sales on November 12, 2002,  
110 22 the proposed language conforming Iowa's sales and use  
110 23 tax to the national agreement, and the following  
110 24 issues:

110 25 a. Uniform definitions proposed in the current  
110 26 streamlined sales and use tax agreement and future  
110 27 proposals.

110 28 b. Effects upon taxability of items newly defined  
110 29 in Iowa.

110 30 c. Impacts upon business as a result of the  
110 31 streamlined sales and use tax.

110 32 d. Technology implementation issues.

110 33 e. Any other issues that are brought before the  
110 34 streamlined sales and use tax implementing state or  
110 35 the streamlined sales and use tax governing board.

110 36 2. The department shall provide administrative  
110 37 support to the Iowa streamlined sales tax advisory  
110 38 council. The advisory council shall be representative  
110 39 of Iowa's business community and economy when  
110 40 reviewing and recommending solutions to streamlined  
110 41 sales and use tax issues. The advisory council shall  
110 42 provide the general assembly and the governor with  
110 43 final recommendations made to the Iowa streamlined  
110 44 sales and use tax delegation upon the conclusion of  
110 45 each calendar year.

110 46 3. The director of revenue, in consultation with  
110 47 the Iowa taxpayers association and the Iowa  
110 48 association of business and industry, shall appoint  
110 49 members to the Iowa streamlined sales tax advisory  
110 50 council, which shall consist of the following members:

111 1 a. One member from the department of revenue and

111 2 finance.  
111 3 b. Three members representing small Iowa  
111 4 businesses, at least one of whom must be a retailer,  
111 5 and at least one of whom shall be a supplier.  
111 6 c. Three members representing medium Iowa  
111 7 businesses, at least one of whom shall be a retailer,  
111 8 and at least one of whom shall be a supplier.  
111 9 d. Three members representing large Iowa  
111 10 businesses, at least one of whom shall be a retailer,  
111 11 and at least one of whom shall be a supplier.  
111 12 e. One member representing taxpayers as a whole.  
111 13 f. One member representing the retail community as  
111 14 a whole.  
111 15 g. Any other member the director of revenue and  
111 16 finance deems appropriate.  
111 17 Sec. \_\_\_\_\_. EFFECTIVE DATE. Except for the section  
111 18 creating the Iowa streamlined sales tax advisory  
111 19 council, this division of this Act takes effect July  
111 20 1, 2004.>  
111 21 #2. Title page, line 11, by inserting after the  
5  
111 22 word the following: 111 23 streamlined sales and use tax law,>.  
111 24  
111 25  
111 26 \_\_\_\_\_  
111 27 JENKINS of Black Hawk  
111 28 HF 683.304 80  
111 29 mg/cf